

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,058

Wednesday October 15 1986

D 8523 B

Gruesome chronicle  
from Amnesty  
International, Page 3

Asia	Sch. 20	100.00	100.00
Bahamas	100.00	100.00	100.00
Belgium	100.00	100.00	100.00
Canada	100.00	100.00	100.00
France	100.00	100.00	100.00
Germany	100.00	100.00	100.00
Italy	100.00	100.00	100.00
Japan	100.00	100.00	100.00
Netherlands	100.00	100.00	100.00
Spain	100.00	100.00	100.00
Sweden	100.00	100.00	100.00
Switzerland	100.00	100.00	100.00
UK	100.00	100.00	100.00
USA	100.00	100.00	100.00

## World news Business summary

### Shamir and Peres job swap delayed

An expected job swap between Israeli Prime Minister Shimon Peres and Likud leader Yitzhak Shamir was held up at the last minute by wrangles with the Labour Alignment, Likud's coalition partner. Mr Peres resigned last Friday as the head of the National Unity Government at the end of his 25-month term but remains in office as caretaker prime minister until a replacement is named by President Chaim Herzog. Labour Party ministers blocked Mr Shamir's return to power pending the satisfaction of a list of demands. These included Likud's insistence on appointing two new ministers in charge of Diaspora Jewish affairs. Page 4

### Soviet troop recall

A Soviet general said that about 8,000 troops would start leaving Afghanistan today, handing over their duties to Afghan forces. Soviet and Afghan troops launched a big drive against Muslim guerrillas north of Kabul. Page 4

### Nobel peace prize

Buchenwald concentration camp survivor Elie Wiesel, Romanian-born Jewish author and now a US citizen, won the 1986 Nobel Peace Prize. He edited the issue of the word holocaust for the Nazi killing of 6m Jews. Page 3

### EMS reviewed

Neil Kinnock, UK opposition Labour Party leader, said his party has dropped its hostility to full British membership of the European Monetary System and would join if certain preconditions were met. Page 14

### Tokyo rocket attack

A salvo of six homemade rockets was fired at Tokyo's government district but failed to explode. The attack came in the middle of the evening rush hour but no one was injured. Page 1

### Bomb in Barcelona

A bomb exploded outside a Barcelona bank in the fourth attack against supporters of the Spanish city's attempt to host the 1992 Olympic Games. Page 1

### Human abuses rise

Human rights abuses increased in several Latin American countries, with human rights activists often among the victims. Violations in Colombia, Ecuador and Chile appeared to have risen while the situation in Peru, Nicaragua, El Salvador and Guatemala were worse for concern, Amnesty International said. Page 3

### Neo-Nazi claim

South African police said they were investigating allegations that some of their members were activists in the Afrikaans Resistance Movement, a neo-Nazi, white supremacist organisation. Page 1

### Strike hits Sweden

A strike by thousands of Swedish public sector workers threatened to slow foreign trade to a trickle. Ships had to be unloaded without the help of 500 crane operators, who joined a nationwide campaign for more pay. Page 2

### Docks paralysed

A 24-hour strike by dock workers paralysed all French ports. The day of action was in protest against plans to cut 2,500 jobs and to back retirement claims and other demands. Page 1

### Seaga unmoved

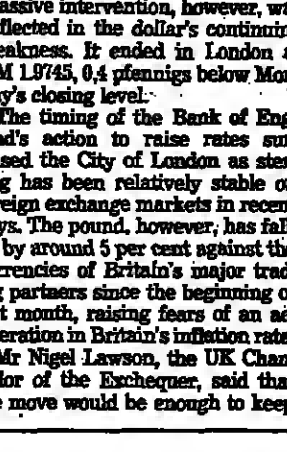
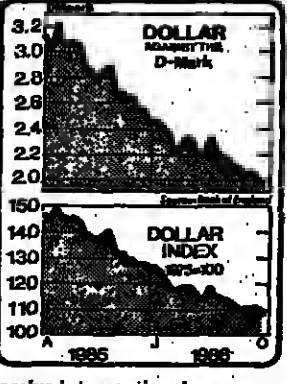
The crisis in the ruling Jamaica Labour Party deepened after it failed to persuade Edward Seaga to reverse his decision to resign as Prime Minister. Seaga said he was moved by the support he had received but his decision to resign was unchanged. Page 5

## UK raises rates as European banks act to prop up \$

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

THE BRITISH Government yesterday engineered a one percentage point rise in bank base rates to 11 per cent in a belated response to sterling's month-long slide on foreign exchange markets. The rise signalled by the Bank of England and followed quickly by the leading clearing banks, coincided with massive intervention by European central banks seeking to support the dollar on foreign exchange markets. In one of the biggest joint operations to prop up the US currency since its collapse in the late 1970s, the central banks are believed to have bought over \$1bn, but they managed only to limit the dollar's losses.

The intervention was led by West Germany's Bundesbank, which was joined by around half a dozen European central banks in buying the US currency. One senior central banker said that the action, which followed intervention totalling hundreds of millions of dollars last week, aimed to signal to the markets that selling the US currency was not a "one-way bet." Both the Bundesbank and other central banks are also anxious to ease the strains on the EMS caused by investors switching out of dollars into D-Marks. The limited impact of even such massive intervention, however, was reflected in the dollar's continuing weakness. It ended in London at DM 1.9745, 0.4 pence below Monday's closing level. The timing of the Bank of England's action to raise rates surprised the City of London as sterling has been relatively stable on foreign exchange markets in recent days. The pound, however, has fallen by around 5 per cent against the currencies of Britain's major trading partners since the beginning of last month, raising fears of an acceleration in British inflation relative to other industrial nations. Mr Nigel Lawson, the UK Chancellor of the Exchequer, said that the move would be enough to keep



## GM places S. African operation under review

BY RODERICK ORAM IN NEW YORK

GENERAL MOTORS has placed its wholly owned South African subsidiary under review because of the lack of progress towards ending apartheid and the rapidly deteriorating local economy. Giving equal importance to the economic and political factors, the world's largest motor vehicle manufacturer is weighing up how to fulfil its "fundamental purpose of supplying vehicles in a socially responsible way," the company said yesterday. GM is one of 300 US companies in South Africa trying to balance the local business outlook and the belief that they are an instrument of reform, against pressure at home to withdraw because of Pretoria's uncertain road to reform. Departures of US companies are accelerating with groups such as Coca-Cola, Procter and Gamble, the consumer products group, and Baxter Travenol, a drugs company, selling out to local interests while maintaining commercial links. Mr Roger Smith, GM's chairman who helped found last year the 196-strong United States Corporate Council, a watchdog on South Africa, said he was disappointed by the rapid decline of South African vehicles sales. Mr Smith said, "Anthony Robinson in Johannesburg adds: General Motors' South African subsidiary at Port Elizabeth in the Eastern Cape has been struggling with a declining share of a declining market for the past two years. Over the first nine months of this year its share of the total car and truck market fell to 8.2 per cent from 11.1 per cent in the same period last year while the overall market dropped by 11.2 per cent at the same time. This means that GM only turned out 18,838 vehicles over the first nine months of this year compared with 24,770 in 1985, itself a depressed year for vehicle sales. Motor show reports, Page 15; Ford's UK spending plans, Page 20

## European chip makers to file complaint on Japan's dumping

BY JANE RIPPETEAU IN LONDON

A GROUP of European semiconductor manufacturers plan to file an anti-dumping complaint this month against Japanese companies importing semiconductor products into the EC. The complaint would be lodged with the European Commission, which would investigate before deciding whether to impose punitive import duties. Mr Neville Lyons, general secretary of the European Electronic Components Manufacturers' Association (EECA), said the dumping action was in the final stages of preparation. The products involved are the same types of memory chips subject to a trade agreement last year between the US and Japan to give US chip-makers relief from competitive pricing by the Japanese. European manufacturers fear that Japanese chip producers, blocked by the US, could redouble their efforts to gain a market share in Europe by undercutting prices of local producers. Mr Doug Dunn, managing director of European producers - at times imposing stiff duties. In some cases, the Japanese decided to counter-sue. The action is aimed only at Japan. Mr Klaus Westrack, marketing communications manager at Intel Semiconductor's West German company, said there was no intention of stopping US imports. He said Intel had been invited to take part in the anti-dumping action but had not yet decided whether to do so. He said that the company did not manufacture memories in Europe. Mr Westrack added that Intel of the US left the DRAM business a year ago because of margin pressures, but exports other memory products to Europe. Honeywell and Apple results, Page 21; Semiconductor pact under fire, Page 8

## Belgian monarch refuses Martens' resignation

By Quentin Peel in Brussels

BELGIUM'S four-party coalition Government, split by a dispute between its French-speaking and Flemish-speaking wings, was on the point of falling last night after Prime Minister Wilfried Martens submitted his resignation to King Baudouin. The Belgian monarch refused to accept the move, however, putting the resignation "in suspense" in an effort to prevent a major constitutional crisis from dividing the country. King Baudouin and his closest advisers will now attempt to persuade the key party leaders to settle their differences, before deciding whether the Government can be saved. The centre-right Government headed by Mr Martens, re-elected last October to consolidate one of the longest periods of political stability in Belgium's post-war history, is now threatened by the re-emergence of the linguistic rivalry between the Walloons (French-speaking) and Flemish populations. If the Government falls, it will call into question the sweeping austerity programme of BFR 1986m (\$4.7bn) public spending cuts agreed by the coalition partners, which were intended to reduce the Belgian Government's chronic public sector deficit. Prospects for such an outcome caused Belgian shares to be marked down on the Brussels bourse yesterday - although up to the last moment stockbrokers did not believe Mr Martens would quit. The whole affair has been precipitated by the actions Mr Jos Happort, a village mayor in one of the remotest regions of the country - the Flanders, or Flanders in Flemish - who has refused to show that he can speak adequate Flemish to hold his office. The commune is majority French-speaking but has been transferred to the Flemish-speaking province of Limburg against the wishes of most inhabitants, making it a cause célèbre in French-speaking Wallonia. Mr Happort's right to be mayor of the commune without showing he can speak Flemish was challenged in a Flemish-speaking division of the Council of State - the arbiter of the Belgian constitution - and denied. The affair appeared to have been defused when Mr Charles-Ferdinand Nothomb, the French-speaking Interior Minister and deputy premier, referred the case to a higher appeal court. But his decision was challenged by the Flemish-speaking Christian Democrats in the Government - Mr Martens' own party - apparently determined that Mr Happort should not remain in office under any guise.

## Reagan blamed by Gorbachev over summit

BY PATRICK COCKBURN IN MOSCOW AND LIONEL BARBER IN WASHINGTON

MR MIKHAIL GORBACHEV, the Soviet leader, last night placed all the blame for lack of agreement at Reykjavik on US President Ronald Reagan during an hour-long television broadcast. Mr Gorbachev, giving an account of the meeting, accused the US Administration of lack of courage, resolution and political resolve. But he also said the "American leadership will need a certain amount of time to think over" the new Soviet proposals. Despite the tough language used at times by Mr Gorbachev he was clearly being careful to keep the door open for a resumption of talks with Washington. He did not mention the 14-month-old Soviet nuclear test ban which terminates at the end of the year. At the same time, President Reagan's closest advisers, taking a lead from his optimistic report to the nation on the Reykjavik meeting, said last night high-level discussions between the US and the Soviet Union would resume next month. The Soviet leader, in his television speech, underlined the extent of Soviet concessions which, he said, would mean "cutting the weapons which are the mainstay of our country's defences." He also repeatedly emphasised that there could be no question of the Soviet Union's making such radical cuts if President Reagan's Strategic Defence Initiative (SDI) went ahead. He said such a guarantee was essential in order to rule out weapons of a new type which might destroy parity between the Soviet Union and the US. Although the Soviet leader did not expressly say that all the Soviet disarmament offers were linked, he did say they were one package, implying that single elements, such as a cut back in medium-range nuclear weapons, would not be possible on their own. Mr Gorbachev adopted a more contentious attitude towards President Reagan and the US Administration than during his press conference in Reykjavik on Sunday night. He strongly attacked the US for offering nothing new. "We were again offered moribund old stuff which had almost smothered us at the Geneva talks," Mr Gorbachev said. President Reagan had not produced a single new idea. On regional problems and other questions Mr Gorbachev said President Reagan had not produced a single new idea. Continued on Page 20

## Soviets repeat offer on mid-range weapons

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

MR VIKTOR KARPOV, the leader of the Soviet delegation at the US-Soviet nuclear arms control talks in Geneva, said yesterday that Moscow still adhered to its undertaking that a separate agreement could be reached on medium-range nuclear weapons in Europe. Mr Karpov, speaking in London after a 90-minute meeting with Mrs Margaret Thatcher, the British Prime Minister, was in the UK as the special envoy of Mr Mikhail Gorbachev, the Soviet leader, to explain the Soviet version of events at the Reykjavik summit last weekend. He has already been in Paris and was due to fly to Bonn last night before returning to Moscow. He emphasised that there was no change in principle in the Soviet position that a deal could be negotiated at Geneva on intermediate nuclear forces (INF) quite separate from agreements on strategic and space weapons. However, he declined to say when Moscow would be prepared to discuss this problem in Geneva. "We are not retracting any of our proposals made in Reykjavik," Mr Karpov said. "But we need a time for reflection. We must ponder on the results of the Reykjavik meeting." Asked to explain the contradiction between the Soviet insistence to Reykjavik on a package involving strategic, medium-range and space-based arms, and his assertion that a separate agreement could be reached on INF, Mr Karpov said that the context in which the proposals were made was all important. He explained that at Reykjavik President Reagan and Mr Gorbachev discussed a package of proposals covering the whole field of nuclear arms control aimed at eliminating the threat of nuclear war. These were inevitably linked in the global discussions between the two leaders and could therefore not be separated in that kind of forum. Continued on Page 20 Reagan launches salvage mission, Page 5

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EUROPEAN NEWS

FRESH LAWS GO BEFORE CABINET TODAY

Worker sharing boost in France

By DAVID HOUSEGO IN PARIS

SALARIED workers in France will be given a greater share in the profits and the running of their companies under new laws that go before the Cabinet today and which reflect the changing climate in French industry.

The new legislation builds on much cherished plans of General de Gaulle for widening worker participation in industry. But de Gaulle launched his venture in the context of often bitter conflict between unions and employers.

Independence

The proposals of Mr Jacques Chirac's administration, however, come at a time when strikes have dropped to a record low and increasing plant-level collaboration between management and workforce reflects a widespread consensus over improving competitiveness.

Mr Raymond Barre, the former Prime Minister, who has announced his own project for greater employee participation, spoke last week of the emergence of a "large movement in favour of decentralisation in labour relations" and of "the growing responsibility of wage earners" in companies that had themselves showed more independence of traditional struc-

tures.

The government's new measures also dovetail with its plans to widen popular share ownership through reserving for employees 10 per cent of the shares in companies due to be privatised.

The sharp rise in Bourse (Stock Exchange) prices over the past three years has much increased interest in share ownership—as reflected in the economic supplements being published by French daily newspapers.

Not least, from the government's point of view, share participation schemes are a way of financing wage increases without refuelling inflation by steering them into savings and pension schemes. For the schemes all have in common that the employee beneficiaries cannot touch the revenue for 3-5 years.

Bonus systems

The text that goes before the Cabinet today does two things. It extends the share participation and bonus systems in existence by altering the regulations. It also encourages companies to name employee representatives to their boards so as to associate the workforce more fully with the decisions

being made in a company.

The text thus develops the schemes already in existence by which companies can allocate part of their profits to an employee share fund.

The advantage to companies is that such contributions are tax deductible and that employees pay no tax on capital gains or revenue, provided that they do not withdraw funds before five years.

Currently about FFf 6bn (€800m) are invested in such funds which have often brought spectacular returns. An employee of IBM France for instance, who had FFf 1,000 placed on his account in 1985, would be entitled to draw FFf 5,000 this year.

The new law—which will be put through as a decree—increases the amount that companies can allocate to such funds from tax-free profits while giving employees the chance to withdraw their funds after three years instead of five. If they choose this course, then they benefit from only a 50 per cent deduction on the income.

The other way that French companies are encouraged to distribute to employees the fruit of their work is through bonuses tied to profits or productivity. Companies can issue these tax free to the central

group of employees provided the total does not exceed a fifth of salaries.

Under the new legislation, employees who invest these bonuses in company-related saving and pension fund schemes will also benefit from tax deductions. At the same time companies get further fiscal incentives to encourage them to match employee contributions with their own.

Responsibilities

In terms of employee representation the new law provides that employees can be drafted to the board of a company with the approval of two-thirds of the shareholders.

The salaried representatives will share the bulk of the responsibilities of other members and be paid an attendance fee. Candidates can be put up by either the unions or by an organisation representing 5 per cent of the workforce.

Mr Barre would like to go further on this front and make worker representation depend not on shareholders but on agreement between the workforce and the board. His proposals on the issue mark one of the rare occasions he has spoken out in public since last March's elections.

W. German incomes increase sharply

By Andrew Fisher in Frankfurt

REAL INCOMES in West Germany grew at a faster rate in the first half of 1986 than at any time in the past 12 years, the Bundesbank said in its monthly report.

The increase of 4.1 per cent over the same period of last year resulted from increased overtime and bonus payments as a result of increased economic activity and from lower prices. Actual wage levels were 3.3 per cent higher.

Heating oil costs were considerably lower, because of reduced oil prices and the strengthening D-Mark. In addition, consumers benefited from tax cuts at the start of this year.

With more money at their disposal, Germans have been borrowing more heavily from banks to finance purchases, mainly of cars. Favourable credit conditions offered by dealers were a strong inducement. Thus private borrowing for consumer buying rose by 25 per cent in the first six months compared with the year-ago period to DM 6.3bn (€2.2m).

The figures reflect the shift in German economic growth away from export demand, as the effect of the revalued D-Mark takes hold, to the domestic economy. The Bundesbank said consumer demand should remain high beyond this year.

It also reported a further acceleration in money supply growth—measured by central bank money stock—from an annual rate of around 7 per cent in August to 7.5 per cent in September, against a target of 3.5 to 5.5 per cent. This rate of increase has been a key argument in the Bundesbank's refusal to cut its 3.5 per cent discount rate, in spite of heavy US pressure.

German group lifts loan rate

West German Reconstruction Loan Corporation is to raise the interest on loans taken out under its export financing programme from October 15.

For loans taken out without prior notification, the rate will rise to 6.88 per cent a year from 6.48 per cent.

For loans registered in advance, the rate will rise to 6.88 per cent a year from 6.68 per cent.

Hope for end to Swedish strike

By SARA WEBB IN STOCKHOLM

THE FIRST signs of a possible end to Sweden's two-week-old public-sector strikes came late last night following talks between the state-appointed mediating commission and Saco/SB-S, one of the white-collar unions.

Saco/SB-S agreed to postpone its industrial action due to take effect

from midnight last night provided the union could have direct negotiations with SAV, the state-employers organisation.

This follows warnings from the Swedish Petroleum Institute that if Saco's ship pilots came out on strike, Sweden's commercial oil and petroleum stocks would run out

within a few days.

The other public sector unions have already called about 23,000 workers out on strike, with another 80,000 refusing to work overtime, and 6,000 locked out by the employers. The strike action was beginning to have a serious effect on Sweden's trade and industry.

Spain steps up call for US force reduction

By DAVID WHITE IN MADRID

SPAIN has stepped up demands for US force reductions ahead of a fresh round of negotiations on joint-use Spanish bases beginning in Washington today.

Mr Francisco Fernandez Ordoñez, Foreign Minister, told the Foreign Relations Committee of the

Spanish Congress yesterday that Spain wanted the reduction in the 12,000-strong US presence to be "agreed, non-unilateral and gradual," so that it did not affect security levels as "difficult."

Showing increasing impatience

after a senior official-level negotiating session in July, the Government has made clear that if no reduction is agreed the renewal of the two countries' bilateral pact, which expires in May 1988, would be "very unlikely." It is seeking an agreement by November next year.

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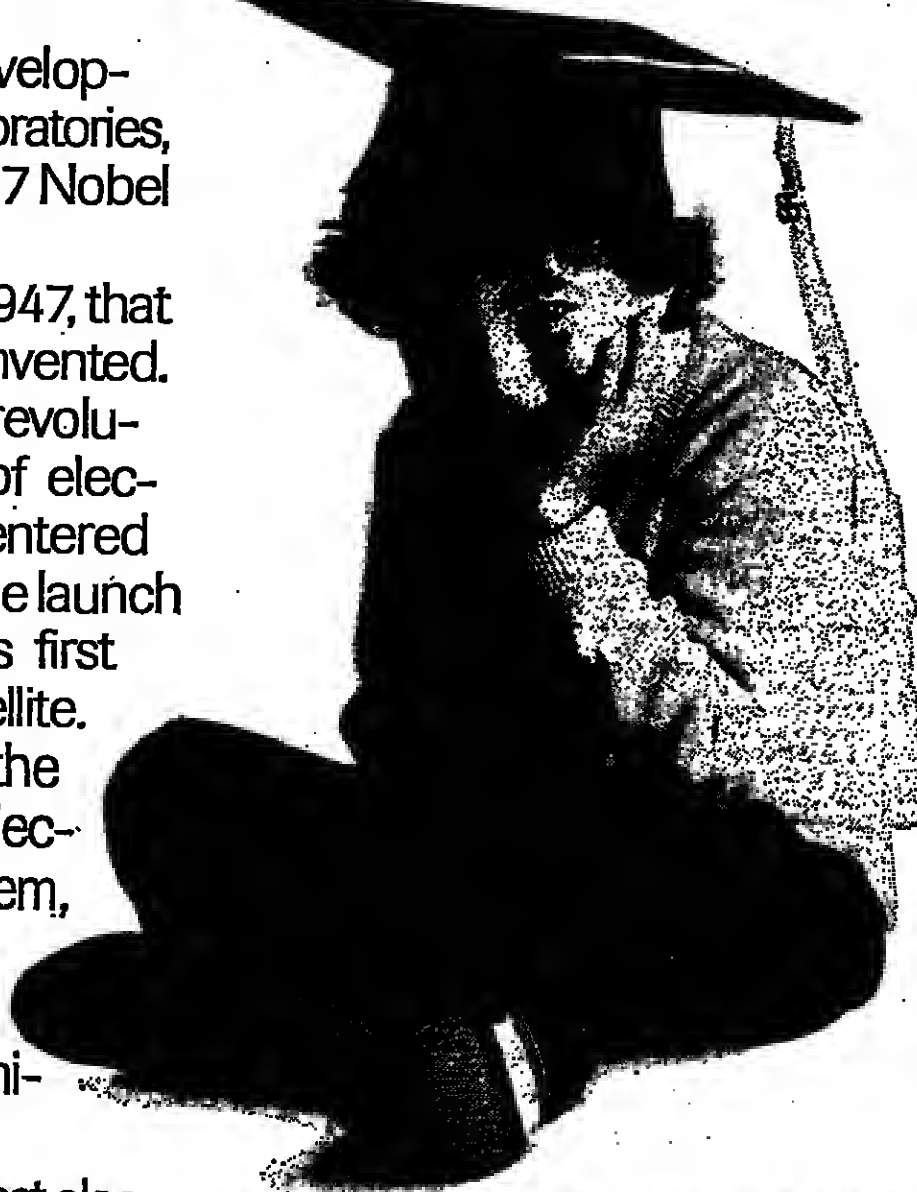
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EUROPEAN NEWS

Nobel Peace Prize goes to Nazi death camp survivor

BY SARA WEBB IN STOCKHOLM AND WILLIAM HALL IN NEW YORK

PROFESSOR Elie Wiesel, the Jewish author and concentration camp survivor, is the winner of this year's Nobel Peace Prize, the Norwegian Nobel Committee announced yesterday.

The Skr 2m (\$293,000) prize will be awarded at the traditional Nobel ceremony in Oslo on December 10. The committee described Prof. Wiesel as "one of the most important spiritual leaders and guides in an age when violence, repression and racism continue to characterize the world."

The members praised his commitment, which they said originated in the sufferings of the Jewish people, but which had been extended to embrace all repressed peoples and races.

There were 81 nominations for this year's Peace Prize. Prof Jakob Sverdrup, secretary of the Norwegian Nobel Committee, said: "Elie Wiesel has been a strong candidate for the last three or four years."

Last year's Peace Prize winner - the International Physicians for the Prevention of Nuclear War - proved to be a controversial choice when details of co-founder Prof Yezhov's political role in the Soviet Union later received unfavourable attention.

Dr Chazov was said to have taken an important part in the Soviet persecution of Dr Andrei Sakharov, the Soviet physicist and human rights campaigner, and an earlier winner of the Peace Prize.

Wiesel, a survivor of the Nazi concentration camps at Auschwitz and Buchenwald, is best known for his extensive writings on the horrors of the Holocaust, but has also made a name for himself as a human rights activist, particularly with regard to Soviet Jews.

He was born in Sighet, Transylvania, which is now part of Romania, on September 30, 1928, and was raised in a small Hassidic community. In the spring of 1944 he and his family, along with the rest of the city's Jews, were deported. Elie Wiesel's family was sent to Auschwitz where his father, mother and youngest sister were killed. The next year he was sent to Buchenwald.



Prof Wiesel photographed before the award of the Peace Prize yesterday

Owen urges Lisbon to think again on sanctions

BY DIANA SMITH IN LISBON

DR DAVID OWEN, Britain's Social Democratic Party leader, has urged Portugal's ruling Social Democrats to reconsider the government's bland stance on the question of selective sanctions against South Africa.

In a working visit to Portugal on Monday at the invitation of the Portuguese Social Democrat Party, Dr Owen held detailed talks with the Government on the delicate South African question as well as nuclear defence matters.

Dr Owen pointed out to the Portuguese authorities that the fact that there are 700,000 Portuguese passport holders living in South Africa should not be used as a reason for not pressing for stronger attitudes against that country.

Portugal's current account in surplus by \$306m

BY OUR LISBON CORRESPONDENT

PORTUGAL's external account has improved strongly this

year, according to the six-monthly report of the Bank of Portugal. By the end of June, the balance of payments on the current account had achieved a surplus of \$306m (£212.5m) compared with a deficit at the same time last year of \$152m.

The surplus came despite 15 per cent growth in imports and modest export growth of only 4 per cent in the first six months of the year. Much of the improvement was due to a 55 per cent reduction in the services deficit, because of increased tourism and emigrants' remittances and softer debt servicing, as the foreign debt cooled.

By the end of this year, the Government has predicted a balance of payments surplus of close to \$1bn - the largest surplus Portugal has ever enjoyed.

Colonel in Popieluszko case has sentence cut

By Christopher Bobinski in Warsaw

FORMER Colonel Adam Pietruska, the most senior of the police officers found guilty of murdering Father Jerzy Popieluszko, the Solidarity priest, in the autumn of 1984 has had his prison term reduced from 25 to 15 years.

The move by the high court came under last July's amnesty and follows the release last month of all the country's political prisoners.

It was also accompanied by the release from prison of Father Sylwester Zych, a Catholic priest, Alan Freed was a student involved in the shooting of a police officer in the early months of martial law.

Two other men sentenced at the time for the shooting of Sergeant Zdzislaw Karos have also had their prison terms reduced. Catholic Church officials have long petitioned the authorities for the release of Father Zych and the reduction of the prison terms for the others.

The authorities have on their part invariably pointed to the murder of Sergeant Karos as comparable to the killing of Father Popieluszko whose death will be commemorated this weekend in his parish where he is revered as a martyr.

Earlier this year, he joined in the controversy surrounding Dr Kurt Waldheim, the former UN Secretary-General, who was running for the presidency of Austria. He accused Dr Waldheim of finding refuge in oblivion because he conveniently forgot his links with the Nazis.

Mr Shimon Peres, Israel's Prime Minister, said in a telegram of congratulations that Prof Wiesel, 58, had taught the world a "holy lesson" by keeping alive the memory of the Jews killed by Nazi Germany, Reuters reports from Oslo.

Prof Wiesel said he was deeply touched by the award. "This is a very special day for me. I'm invaded by memories," he said.

Jimmy Burns examines a human rights report setting out man's inhumanity to man  
Amnesty's gruesome chronicle of horror

PROponents of a rational response to the nuclear arms race may take comfort in the argument that thanks to the "bomb" the world has been saved from a world war since 1945.

But this means little to the many thousands of ordinary people that today continue to suffer the consequences of man's inhumanity to man on a no less horrific scale than Belsen or the prison camps of Burma.

"Thousands of people are in prison because of their beliefs. Many are held without charge or trial. Torture and the death penalty are widespread."

"In many countries, men, women and children have 'disappeared' after being taken into official custody. Still others have been put to death without any pretence of legality; selected and killed by governments and their agents."

This gruesome chronicle of contemporary horror is contained in the latest annual report of Amnesty International released yesterday.

Its 363 pages covering human rights violations of one kind or another worldwide, from Madrid to Peking is a timely reminder

- in a week when the superpowers are locked in mutual recrimination and claim hotter than they stand over the other - that terror is not necessarily the preserve of a particular ideology or political system. It is usually simply the product of

a lack of magnanimity by the powerful towards the weak.

Amnesty has in the past made as many enemies as friends. Military dictatorships have accused it of being a Marxist stooge. Marxist states dispute its "woolly Western liberalism," even relatives of the victims sometimes feel that Amnesty does not do enough to bring down governments.

Mr Margaret Thatcher, Britain's Prime Minister and scourge of the Galtieri junta during the Falklands war, will not exactly be pleased to find that yesterday's report devotes as many pages to the human rights violations of the security forces in Ulster as it does to the seamy side of life in Chad, Thailand, and Libya.

Since October 1985, 31 fatal shootings by security forces in Northern Ireland have been reported. Some of these killings "took place in conditions compatible with allegations that they were deliberately planned," according to Amnesty.

In past years, there have also been governments who have accused the organisation of interfering in their internal affairs by simply raising the human rights issue.

The 128 countries in the report are listed in alphabetical order. Just before the "United Kingdom" is the "Union of Soviet Socialist Republics" where ill-treatment in prisons, corrective labour colonies and psychiatric institutions, are a

"special focus of concern" for the organisation.

In November 1984 Amnesty wrote to the Soviet authorities urging an amnesty for all prisoners of conscience and a sweeping programme of legislative reforms.

Five months later, the authorities declared an amnesty "to mark the 40th anniversary of the ending of

On the surface, the US gets off lightly in the report. The five-page section on the country produces little evidence of widespread repression of political rights or mistreatment of prisoners. It focuses instead on the continuing use of the death penalty for criminal offences.

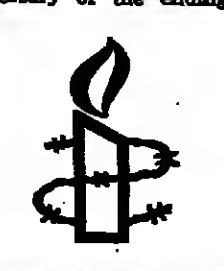
Nevertheless, Washington does not emerge exonerated. In the sections on Central America, where US advisers are alleged to be instructing anti-Marxist forces Honduras and El Salvador are accused of torture and "political killings."

Whoever the perpetrator, Amnesty International condemns as a matter of principle the torture or execution of prisoners by anyone "the report states."

In El Salvador, President Jose Napoleon Duarte has maintained, as have his predecessors, that victims in the countryside have been abducted or killed by the armed opposition, or had been members of or supporters of the opposition who had died in armed confrontation with the military.

However, Amnesty states that, as in previous years, "the majority of reported abuses against non-combatant civilians had been inflicted by forces under the authorities control at the time and ankles, hung upside down from a pole inserted behind the knees, spun around, and beaten."

Elsewhere, Switzerland, along with other European democracies, it reprimanded for jailing conscientious objectors to military service. In Afghanistan, there have been reports of extrajudicial executions of



From the 27th October, the UK securities markets are open to all-comers. Greenwell Montagu will be taking full advantage of the opportunity to extend its services to clients.

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OVERSEAS NEWS

India and US to study joint arms production

BY K. K. SHARMA IN NEW DELHI

A LIMITED but significant movement forward in defence co-operation between India and the US has been achieved during a four-day visit to New Delhi by Mr Casper Weinberger, the US Defence Secretary, during which he held talks with Prime Minister Rajiv Gandhi and Defence Minister Arun Singh.



Mr Casper Weinberger

Discussions centred on transfer of technology by the US for joint production of weapons. Coming after the recent award of a contract for 10 engines to General Electric for India's proposed light combat aircraft, the way has been opened for discussions on firm defence deals between the two countries.

If these succeed, the US could make a significant dent into the Soviet domination in the area of defence weapons supply to India.

Mr Arun Singh, who held talks with the US delegation yesterday shortly before Mr Weinberger left for Islamabad, said that no discussion was held on any specific weapons system but the way had been cleared for co-operation because the kind of problems that might arise had been identified and discussed.

Defence Ministry officials say that India is interested in the transfer of technology and the supply of critical components for the development and production of a wide range of defence equipment. Interest lies in such areas as engines and electronics for India's light combat aircraft, radar and telemetry systems for testing missiles, anti-tank weaponry, night vision equipment, armour-piercing projectiles and super alloys, fire control and transmission mechanism for the main battle tank prototypes undergoing tests.

John Elliott reports from Dhaka on the lack of support for today's Bangladesh election Ershad seeks respectability at the hustings

FOR THE second time in five months, the main election issue in Bangladesh is not who will win, but how much rigging will be organised to ensure a respectable victory for Lt Gen Hossain Mohammad Ershad, the country's ruler since a bloodless coup in 1982.

Today's election for the presidency is aimed both at providing democratic legitimacy for Gen Ershad now technically a civilian, and paving the way for ending possibly next month of over four years of martial law.

There are 11 other presidential candidates but none is a credible rival to President Ershad although one—Colonel Farooq—led a coup in the country in 1975. The election is being boycotted by the country's main political opposition parties mainly because of widespread rigging of parliamentary polls five months ago. Then the Jatiya Party, founded as a vehicle for President Ershad, now its leader, won an inevitable victory.

The opposition parties have called for a boycott of today's polls and a general strike, which could lead to considerable violence. They are believed to be responsible for in the past few days a wave of small bomb blasts, burning of buses and stoning of cars in Dhaka and the southern port city of Chittagong, which has led to at least three deaths.

Police have dealt roughly with those suspected of causing the violence, and in the early hours of yesterday morning long lines of police carrying lathis (long bamboo batons), backed up by armed para military forces, raided university halls of residence in central Dhaka, arresting over 150 students and confiscating bombs and weapons that security forces say were being prepared to disrupt today's polling.

Political activists have been arrested and the leaders of the two main opposition party alliances have had restrictions put on their movements and have stayed in their houses in Dhaka.

President Ershad said in an interview at the weekend that he hoped for a turnout in the polls today of 50 to 55 per cent. But some opposition leaders say the figure will be "less than 3 per cent" while local observers believe that it is unlikely to be more than 15 to 20.

If enough people are to be shown to have taken part to make President Ershad's victory respectable most believe it will have necessitated heavy rigging with ballot boxes stuffed with false papers.

The election is described by Gen. Ershad as "the last stage of democratisation." He says he will summon parliament soon to pass a bill legalising the laws and actions taken by his military regime and would then lift martial law.

This could happen next month because, for reasons of

international prestige, he is believed to want to be able to go to the UN General Assembly, where Bangladesh is the current President, as a fully civilian rather than military ruler before the end of the year. He would also like the same status as the second summit of South Asian nations to be held in India on November 17-18.

There is a strong body of opinion among businessmen, diplomats and other political op-

ponents of the country when it broke away from Pakistan in 1971.

On Monday President Ershad said in a television interview that the army should have a "development role." This would mean rationing forces around the country where they could help push development projects forward while also maintaining bases at key transport, electricity and other installations, so holding on to the centres of power.

Involving the army, says President Ershad, who returned from the post of chief of army staff to contest today's election—is "a safety valve for democracy." "If you want stability in the country, take the army along with you," he declares.

This will be highly contentious and will give the two alliances of opposition parties led by the widow and daughter of former presidents assassinated in the 1970s a new plank from which to continue fighting the Ershad regime, but which will probably not put the president under serious pressure.

President Ershad is a rather colourless and not very popular leader, but he has run a relatively benign military regime which has not made him unpopular.

He has, however, shown considerable skill in handling his critics and opponents both within the army and outside, and he has also survived two potential crisis this year. The first was the parliamentary

elections in May when he was criticised for the violent rigging.

That last month his credibility was hit by a long exposé in The Observer, the London Sunday newspaper, widely circulated later in Bangladesh, accusing him and his wife of corruption, and him of secretly marrying in 1982 a Bangladeshi woman now living in the US. It was also reported that his wife suddenly produced him a son and heir early in 1983, having never apparently been pregnant.

He dismisses allegations of corruption, and challenges his accusers to prove the son is his. He is also believed to have said he can produce doctor's certificates to prove the son is his. Domestically President Ershad is being criticised for not doing enough to push through industrial and economic reforms which he launched when he came to power. "The chimneys are not coming up" is a lament frequently heard in Dhaka, reflecting frustration that despite liberalised industrial policy industrial expansion has been held back by bureaucratic blockages, a lack of institutional finance, and severe electric power shortages.

The level of literacy has fallen to only 29 per cent of the adult population and the birth rate is rising at a high rate of 2.6 per cent a year.

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Wrangles hold up Shamir's nomination

By Andrew Whitely in Jerusalem

THE SCHEDULED nomination yesterday of Mr Yitzhak Shamir, the Likud leader, as Israel's new Prime Minister was held up at the last minute by a crop of unresolved wrangles with the Labour Alignment, Likud's coalition partner.

Mr Shimon Peres, Labour's leader, resigned last Friday as head of the National Unity Government at the end of his 25-month term, but remains as caretaker Prime Minister until a replacement is named by President Chaim Herzog.

An early morning meeting of Labour Party ministers decided to block Mr Shamir's return to power—for the time being at least—pending satisfaction on a list of demands. These included its refusal to allow Mr Yitzhak Moda'i, the dismissed former Cabinet minister, to return to government now and Likud's insistence on appointing two new ministers in charge of Diaspora Jewish affairs.

For his part, Mr Shamir is insisting that Labour's proposal to send Mr Yossi Beilin, Cabinet secretary under Mr Peres and a top party figure, to Washington as Israel's ambassador to the US.

Describing the deadlocked negotiations as being "in a state of crisis," Mr Uzi Bar-Am, Labour's secretary general, said yesterday that if the Likud did not concede to any of the disputed issues he would summon a full meeting of the Labour Alignment tomorrow to decide the future of the Government.

Mr Bar-Am accused Mr Shamir of "bad faith." Mr Peres thought he had worked out a compromise understanding with Likud over the controversial Mr Moda'i, described by one Labour parliamentarian as very talented, but impossible to work with, whereby the former Finance Minister would only return to the Government in January—and then as a Minister without portfolio.

Iranians claim Gulf war attack

By Roger Matthews

IRAN CLAIMED yesterday to have launched a successful two-pronged attack in the central sector of the Gulf War front, killing or wounding over 1,000 Iraqis. A statement from Tehran said that a commando brigade of Iraq's 21st Division had been "completely destroyed."

The attack is said to have taken place near the Iranian border town of Qasr-e-Shirin which the Iraqis seized at the start of the war over six years ago but later abandoned.

In the south, Iran has resumed its intermittent bombardment of Basra, Iraq's second largest city. An Iraqi communiqué yesterday said that 12 civilians had been killed and many more wounded in overnight shelling.

Reports from Baghdad indicate that Iraq may recently have increased its capacity to strike at targets deep inside Iran through the acquisition of several Soviet Tu-16 Tupolev bombers. These aircraft have a fully-laden range of about 3,000 miles and can carry a bomb load of up to 19,800 lb.

China stock market defended

CHINA'S top financial newspaper yesterday defended its stock markets and called for a change in attitude by comrades who think they lead to capitalist exploitation and slavery, Reuters writes from Peking.

The official Economic Daily said stock markets were needed to make better use of badly needed funds and were not the exclusive preserve of capitalists.

China's first stock market since the communist take-over in 1949 opened in Shanghai last month and the official press has published regulations for bond and share trading in the southern province of Guangdong, where more than 1,600 companies have issued such securities.

"Stock markets are a way to relieve our country's shortage of capital, to develop production and make workers more concerned about the future of their companies," the newspaper said.

"So we must change the traditional view of shares and stock markets," it added in a clear reference to the Marxist orthodoxy that shares are a means by which capitalists earn profits from workers but contribute nothing.

The newspaper said the government would closely supervise stock markets. "Buyers of shares will be the working public. The question of using ownership of the means of production to exploit and enslave workers will not arise," it said.

48 die in Sri Lanka battle

BY MERVYN DE SILVA IN COLOMBO

SIXTEEN Sinhalese soldiers, 27 Tamil separatist rebels and five Sinhalese farmers have been killed in two days of fierce fighting in the district of Mannar, 150 miles north of Colombo. Both Mannar and the neighbouring Vavuniya district are under curfew, which is likely to be extended this evening. The fighting included pitched battles between the army and the rebels, the first time this has happened, an army spokesman said.

The battle which started on Sunday when the rebels ambushed an army foot patrol, killing seven soldiers, is still raging with reinforcements being rushed to the jungle area and helicopter gunships assisting the forces in a massive counter-offensive.

Radio intercepts, according to the operations command centre in Colombo, revealed that the rebels planned to carry the bodies of the soldiers to Jaffna, the northern capital and rebel stronghold, and exhibit them to the public.

The army claimed an unexpected victory. It has shot Mr Haruddeen Fuzas who, under the code name 'Victor' was one of the top commanders of the "Tamil Tigers."

Soviet withdrawal from Afghanistan 'a trick'

AN AFGHAN guerrilla leader yesterday denounced the withdrawal of about 8,000 Soviet troops from Afghanistan which begins today, as a trick to distract world opinion, Reuters reports from Peshawar, Pakistan.

Sibghatullah Mujaddidi, chairman of the main guerrilla Alliance fighting the Soviet-backed Government in Kabul, called the pull-out "Another trick to deceive the world and divert attention from the actual problem."

He told reporters the rebels would continue their seven-year struggle for self-determination for Afghanistan.

The only solution to the Afghan problem is the immediate and unconditional complete withdrawal (of Soviet forces), he said. A Soviet general said in Kabul yesterday that about 8,000 troops would leave Afghanistan from today under a plan unveiled by Mr Mikhail Gorbachev, the Soviet leader, and their military duties would be taken over largely by Afghan forces.

Lt-Gen Mikhail Sotakov told visiting Moscow-based reporters that the six regiments being pulled out had served in Afghanistan since the 1979 Soviet intervention. He declined to say how many Soviet troops would remain.

Western military experts estimate that Moscow has about 115,000 men in Afghanistan.

Mr Casper Weinberger, US Defence Secretary, told Chinese leaders last week that the withdrawal was a ruse and said the US had been secretly flying fresh men into Afghanistan, according to a senior US official.

Soviet and Afghan troops backed by aircraft and artillery have launched a major drive against Moslem guerrillas in the hills north of Kabul, according to western diplomats, Reuters reports from Islamabad.

Heavy fighting raged all last week in the mountainous Shomali area west of the main road north of Kabul, between the town of Shakardara and Istaleh, the diplomats said.

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AMERICAN NEWS

Senior bankers in Argentina accused of fraud

By Tim Coone in Buenos Aires

THE ENTIRE former board of Argentina's Central Bank... including two current members of the economic Cabinet... have been accused of fraud by the Argentine state prosecutor for administrative investigations.

Brazil plans further austerity measures

By Ivo Dawson in Rio de Janeiro

BRAZIL is preparing an austerity package including cuts in public spending and a strong fiscal squeeze... to be imposed soon after the national elections on November 15.

Reagan launches Reykjavik salvage mission

Stewart Fleming in Washington reports on the aftermath of the summit failure

PRESIDENT Ronald Reagan's speech to the American people on Monday night began a rearguard action following the collapse of the Reykjavik summit. Mr Reagan is anxious to preserve his political prestige...

at the summit. "The door is open and the opportunity to begin eliminating the nuclear threat is within easy reach," he said. Instead of reverting to the harsh rhetoric which was commonplace during his early years in office...



President Reagan: Rearguard action

far to rally public support for his Star Wars plan. As Senator Richard Lugar, chairman of the Senate foreign relations committee suggested on Monday, the White House has been vague and inconsistent about what it is proposing...

"finest hour" when he displayed the courage to back away from a tempting but they argue, illusory summit agreement. His adversaries are saying that he has thrown away an historic opportunity to do a deal with Moscow.

Pinochet regime denies human rights violations

By Mary Helen Spooner in Santiago

THE CHILEAN Government of President Augusto Pinochet yesterday denied there were any political prisoners or people under house arrest and claimed that there was extensive media freedom.

Mexico deal may miss deadline

By Peter Montagnon

MEXICO AND its main commercial bank creditors were yesterday on the verge of finalising their agreement under which Mexico will receive \$5bn (£4.2bn) in fresh loans to cover its balance of payments gap between now and the end of next year.

Seaga ignores pleas to stay on as premier

By Canute James in Kingston

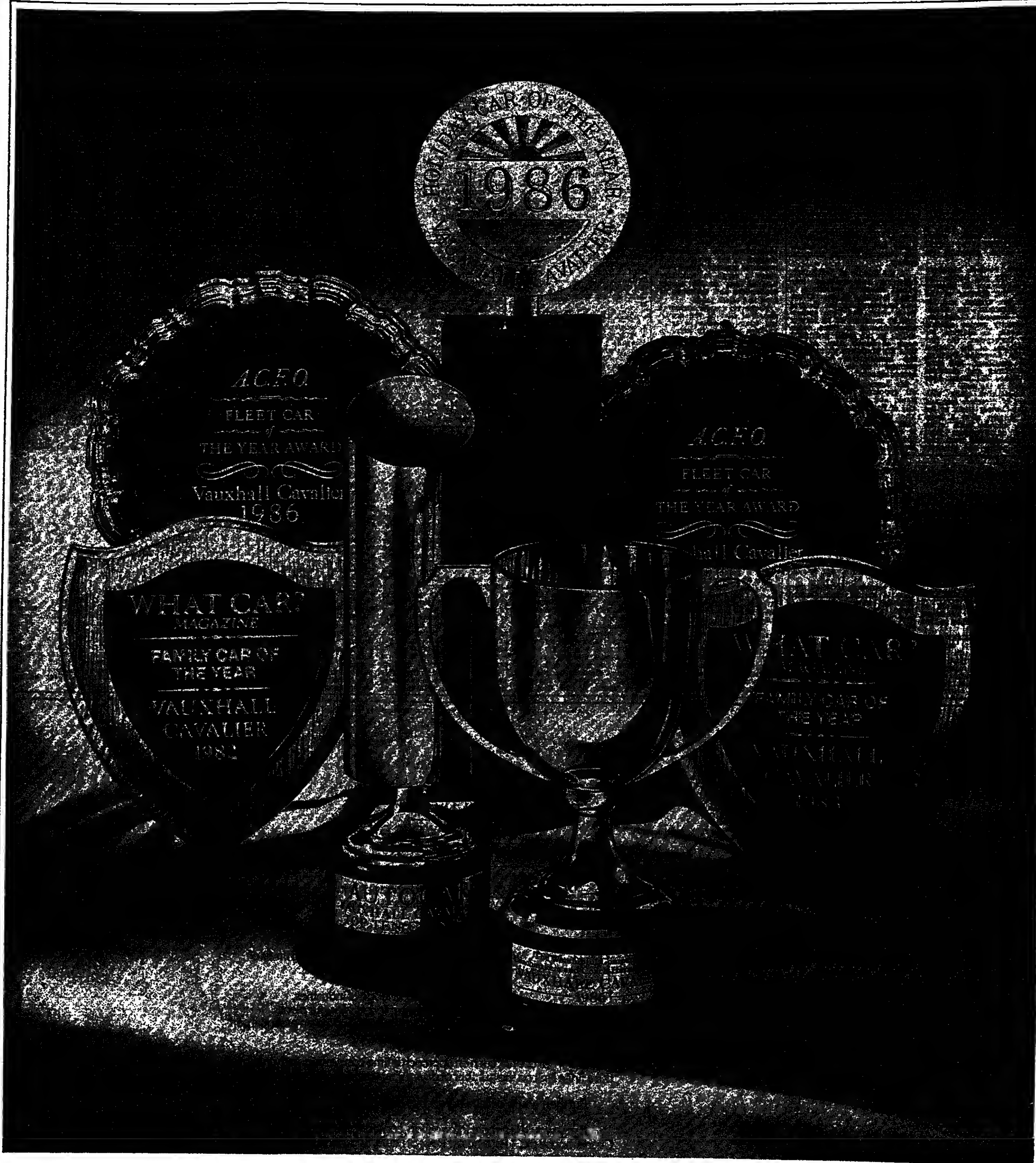
THE CRISIS in the ruling Jamaica Labour Party deepened yesterday after the party's national executive failed to persuade Mr Edward Seaga to reverse his decision to resign as Prime Minister next August...

Advertisement for Charterhouse featuring a digital clock showing 3:65 and the text: 'THERE'S A LIMIT TO THE TIME WE SPEND ON YOUR BUSINESS. Being your financial partner means bringing the same dedication to your financial affairs as you do.'

Wrangles hold up Shamir's nomination... Iranian Gulf war... anka... wal from a trick



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B E T T E R . B Y D E S I G N .

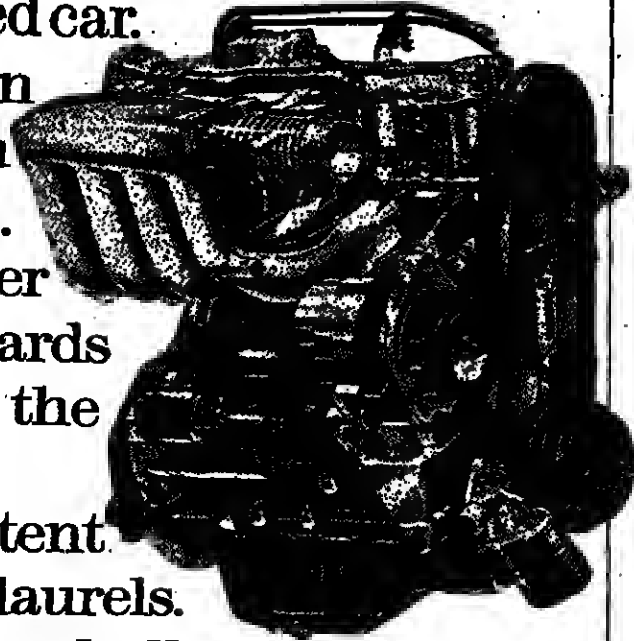
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It was even quicker to earn copious awards and accolades from the motoring press.

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The new CD, for instance, is now decked out with a smart new chain velour upholstery.

Whereas the SRi sports a spanking new striped design.

And on top of all this, no model is considered too lowly for height adjustable seat belts (three rear seat belts, of course, are now also standard).

Under the bonnet our engineers, too, have burnt the midnight oil.



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They've further improved upon the performance of the GLi, GLSi, SRi and Convertible models.

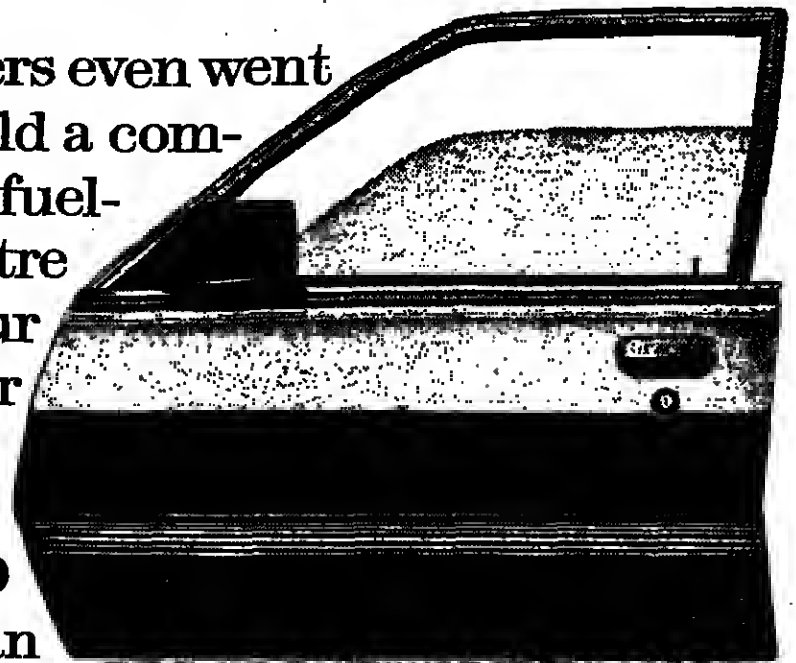
A new Bosch fuel-injected torque optimised 1800 engine should be given the lion's share of the credit.

It's an altogether livelier, more responsive beast, coming into its own especially when quick bursts of speed are needed for overtaking.

And, would you believe, it does so

without guzzling one extra drop of precious fuel.

Our engineers even went so far as to build a completely new fuel-injected two litre engine for our revised Cavalier CD. It moves from 0-60 in a shade under 10 seconds and can



THE GL AND GLi NOW HAVE CENTRAL LOCKING WHILST THE GLSi HAS ELECTRIC FRONT WINDOWS.

go on to deliver a top speed of up to 116mph. And it offers much more punch at lower revs than its closest rivals.

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Take the 1600L, for example, which now has tinted glass all round and a five speed gearbox.

Not only does it give even better mpg., but like most Cavaliers, it further boasts a lower price than a Ford Sierra equipped to a similar level.

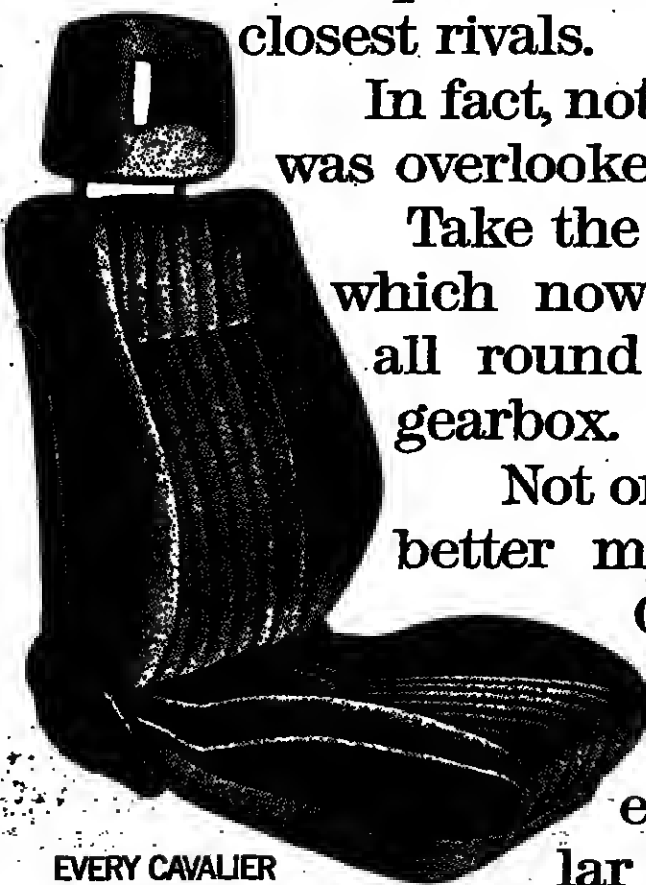
Both the GL and the GLi benefit from the additional luxury of having central locking.

The GLSi sports brand new alloy wheels and electric front windows.

And the SRi has striking new body mouldings on its skirts, sides and rear, plus a colour-coded rear spoiler and door mirrors.

As you can see, the new 1987 Cavalier has more than enough to impress even the most discerning members of the general public.

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B E T T E R . B Y D E S I G N .

MANUFACTURERS PERFORMANCE FIGURES. DOT FUEL CONSUMPTION TESTS MPG (LITRES/100 KM) FOR CAVALIER GL/GLSi/CONVERTIBLE (5-M): CONSTANT 56 MPH 50.4 (5.6); URBAN CYCLE 27.2 (10.2); CONSTANT 75 MPH 38.2 (7.4). SRi (5-M): CONSTANT 56 MPH 45.3 (6.1); URBAN CYCLE 26.6 (10.6); CONSTANT 75 MPH 34.9 (8.1). 1600L (5-M): CONSTANT 56 MPH 49.5 (5.7); URBAN CYCLE 28.8 (9.8); CONSTANT 75 MPH 37.1 (7.6).



WORLD TRADE NEWS

US attacks Japan over tied aid credits

BY PAUL BETTS IN PARIS

THE US yesterday attacked Japan for blocking a possible compromise on the long-running trade dispute over the use of tied aid credits to support exports in developing countries.

agreement on the vexed question of so-called mixed or tied aid credits at the Organisation for Economic Co-operation and Development (OECD) in Paris last week.

The US official claimed that the Japanese refused to negotiate any change in the current formula for calculating the government grant element in a mixed export credit package.

At the same time, he acknowledged that OECD countries were making progress on the other controversial aspects of the current tied aid credit system.

opposed to any change in the discount factor. A new attempt to settle the dispute is expected to take place at the OECD in December.

Hopes rise of accord on digital audio tape

BY DAVID THOMAS

HOPES have risen in Europe and the US about the chances of a voluntary agreement with the Japanese electronics industry on the introduction of digital audio tape, a new sound system developed by the Japanese which could sweep the music industry.

The western music industry believes that an early introduction of digital audio tape could damage the sales of compact discs and increase the reproduction of high quality pirated material.

However, the Electronics Industry Association of Japan (EIAJ) has agreed to discuss these problems with the International Federation of Phonogram and Videogram Producers, the international trade association representing 650 music companies, in Vancouver, Canada in December.

accused the EIAJ of stalling in responding to their request for talks.

They believe that agreement to the meeting is a further sign that DAT is now unlikely to be launched by the Japanese before next spring at the earliest.

Commission officials have been considering ideas for legislation requiring DAT machines and tapes to be fitted with an anti-copying device, known as a spoiler.

Semiconductor pact under fire

BY CARLA RAPOPORT AND IAN RODGER IN TOKYO

THE semiconductor pact between Japan and the US came under renewed fire yesterday as a top EEC official in Tokyo said the agreement could have "harmful" consequences for European consumers and companies.

Mr Christopher Wilkinson, EEC head of strategy on information technology and telecommunications, said the bilateral resolution of high technology issues between the US and Japan "will not do from a European point of view."

At the end of last July, the US and Japan signed a pact on semiconductor trade aimed at increasing American chip-makers access to the Japanese market and reducing alleged dumping of Japanese chips in the US.

General Agreement on Tariffs and Trade (GATT) in Geneva. Mr Wilkinson said Europe was a net importer of chips and was very concerned about the effects of rising chip prices as a result of the agreement.

There is a theory that there is no need to worry about this because the agreement will break down anyway," he said.

The pact aims to monitor the prices of chips manufactured by Japanese companies in third countries, but many observers believe that this task is beyond the capabilities of the US and Japanese governments.

EEC complaints were unfounded. The EEC Commission has said it fears US companies will be favoured over European ones when it comes to increasing sales of foreign chips in Japan.

Miti reiterated yesterday that there would be no discrimination. EEC officials had already been invited to join the new market access unit which is being set up following the settlement.

Miti said the objective of price monitoring was to prevent dumping, a subject which was in everyone's interest. It would accede to any request for a meeting by the GATT committee, but it would not back away from the agreement.

JAL places \$869m order for 11 Boeings

By Carla Rapoport in Tokyo

JAPAN AIR LINES has given a \$869m order to Boeing of the US for 11 new jets.

JAL, which operates the world's largest Boeing 747 fleet, will be buying six 270-seat 767-300 and five 747-300 aircraft. Three of the aircraft will be for international use and the rest for domestic use.

JAL has five Boeings on order, including two 747-300 long-range aircraft for international flights and a 747-300ER.

The new order further confirms JAL's commitment to Boeing, in spite of the crash of one of its 747s last year with the loss of more than 500 lives.

The reasons for the crash have yet to be fully determined but both Boeing and JAL have accepted joint responsibility for the crash.

The first aircraft in the new order is scheduled for delivery in late 1987, with two more in 1988 and the rest in 1989. JAL is 34.5 per cent government owned, but the Japanese Government aims to privatise the company within the next two years.

Egyptian truckmaker cuts targets

By Tony Walker in Cairo

GENERAL MOTORS EGYPT (GME), manufacturers of light to medium-sized trucks, has scaled down its production targets because of reduced demand in the market.

Mr Richard Kirkman, head of GME, said the target this year was 5,000-6,000 units, compared with original projections of 11,000 of its 1 tonne and 3 and 6 tonne trucks.

Mr Kirkman blamed the revised production targets on Egypt's economic downturn and higher-than-expected costs because of exchange rate fluctuations.

GME's partnership of General Motors of the US, Isuzu of Japan and private investors, is licensed to build 18,000 trucks a year and had planned to reach that target within two years.

The dramatic strengthening of the yen is one of the major factors contributing to GME's problems. The additional cost of Isuzu kits has pushed up the price of assembled trucks by 30 to 40 per cent.

Mr Kirkman said that in spite of severe restrictions on vehicle imports there was still a residue of light commercial vehicles in the market whose presence was providing stiff competition for GME.

Meanwhile, Mr Jim Dunn, head of General Motors' passenger car project in Egypt, said he expected to start production to begin on schedule in the middle of next year.

Mr Dunn said final contract negotiations were proceeding.

Chinese telecoms deal for UK group

BY DAVID THOMAS

CABLE and Wireless, the UK telecommunications group, is to help modernise the telecommunications system in the Yangtze delta region of China, which includes Shanghai.

The contract, details of which are due to be announced in China today, represents a significant development of Cable and Wireless's operations in China.

The deal is understood to involve advice and technical assistance on the installation of a microwave system which will link up more than 20 cities in the region.

It is likely to follow the broad outlines of a project near completion by Cable and Wireless in Guangdong province.

The company has been helping the Guangdong Post and Telecommunications Bureau to provide what observers consider to be the most modern telecommunications network in China. A 975-km system stretching across Guangdong was opened in March.

Cable and Wireless does not manufacture telecommunications equipment itself, which it believes undercuts its independence in helping to modernise telecommunications operations. It is also due to announce details of plans for the Pearl River delta region of China on Friday.

Flessey, the UK electronics group, also confirmed yesterday that it is planning to join the venture in China. One is connected with private digital telephone exchanges and the other with opti-electronic transmission equipment.

Flessey sold a private telephone system to the Huaying Nanshai Oil Telecom Services Company, which is 40 per cent owned by Cable and Wireless, last year. It has also sold two optical fibre transmission systems in China this year.



There has been fierce competition among mobile telephone operators in Hong Kong since the service was launched last year.

Cable and Wireless yesterday announced a plan to improve its network by allowing better transmission. NEC will be providing equipment on the project including its new handheld telephones, which Cable and Wireless said are smaller and lighter than those available in Hong Kong.

Vickers to participate in Peking arms exhibition

BY COLINA MACDOUGALL

THE FIRST armaments joint venture between China and a foreign country expects to unveil its wares in a premiere for potential third world customers in Peking early next month.

Vickers Defence Systems of Britain and the Chinese arms manufacturer Norinco plan to display their jointly-built armoured personnel carrier (APC) at the week-long Asiadex arms exhibition which begins on 4 November.

This will be the first move in a marketing campaign planned by the Chinese partner, which has sent out 200 invitations to the exhibition and, so far, received around 100 acceptances.

Under the memorandum of understanding signed last March, Vickers have produced the first APC turret for the vehicle in a record six months.

This was done last week to Peking. Norinco are supplying the chassis from the Yong Ding Machinery Works outside the Chinese capital.

The assembled vehicle is expected to cost substantially less than the all-British Warrior, the APC built by Vickers and its partner GKN of the UK. Vickers are pleased with the

framework of the deal because it does not involve setting up a joint company, which in the Chinese context has led to serious management problems.

Building one prototype is all that is required, since, as is normal in arms deals, further manufacture will await customers' orders.

China, which is believed to have sold at least \$1.6bn worth of military equipment to Iran alone in the past two years, has markets in Africa and the Middle East for which the APC is a key product.

The longer, amphibious version, may be suitable.

The two-man Vickers turret, armed with a Hughes 25mm chain gun, is more advanced than the previous Norinco model, while the tough but spartan chassis keeps the overall price down.

Sir Edwin Bramall, former British defence chief and now director of Vickers Defence Systems, is expected to go to Peking for the exhibition.

He and Sir David Flastov, managing director, had talks with the Chinese Defence Minister, Mr Zhang Aiping, on his visit to Britain last month.

India may favour Japanese among car industry suitors

John Elliott reports on plans to limit the numbers of foreign partners in motor manufacturing

THE Indian Government is likely to allow only Isuzu and Nissan from Japan to set up new car manufacturing joint ventures if the Indian Cabinet approves a policy for the motor industry which is being considered by Ministers.

This would probably lead to the rejection of manufacturing proposals from Honda of Japan, Citroen and Peugeot of France and other foreign companies unless they make significant changes to either the size of the cars they plan or the amount of foreign exchange involved.

The Indian policy also proposes wider transport initiatives to tackle the problem of India's inadequate, crowded road system. These include involving the private sector in the construction and toll of operation of major roads, importing foreign road-making machinery, and abolishing a system of regional goods taxes, called Octroi, which slows down road transport at provincial borders.

A system of road-worthiness certification might also be introduced to remove old inefficient vehicles from roads. At a time when India's balance of payments is under pressure, the policy is aimed at restricting a heavy outflow of foreign exchange on manufacturing collaborations for India's limited saloon car market and at improving the fuel and general efficiency of commercial road transport.

During the past four years many collaborations have been set up with Japanese companies to produce two wheelers and light commercial vehicles in India, following a joint venture agreement for 800cc cars between Suzuki of Japan and Maruti Udyog, an Indian government-owned company.

The government has become concerned at the outflow of foreign exchange involving such collaborations, especially on the import of components when the number of local components in vehicles is low.

For this reason the new policy proposes that only experienced car manufacturers

which have already achieved at least 50 per cent local content on existing models should be allowed to strike new foreign deals.

It also proposes that buy-back and other export arrangements should be introduced so that there is no net outflow of foreign exchange.

This indicates that proposals from India's two traditional motor manufacturers, Hindustan Motors and Premier Autos, for new cars in the 11-1300cc range from Isuzu and Nissan will be allowed to go ahead.

Maruti, however, would also be given approval for an application it lodged with the government last week to introduce a new 11-1300cc Suzuki model. The foreign exchange cost would, the company says, be covered by exports of the car.

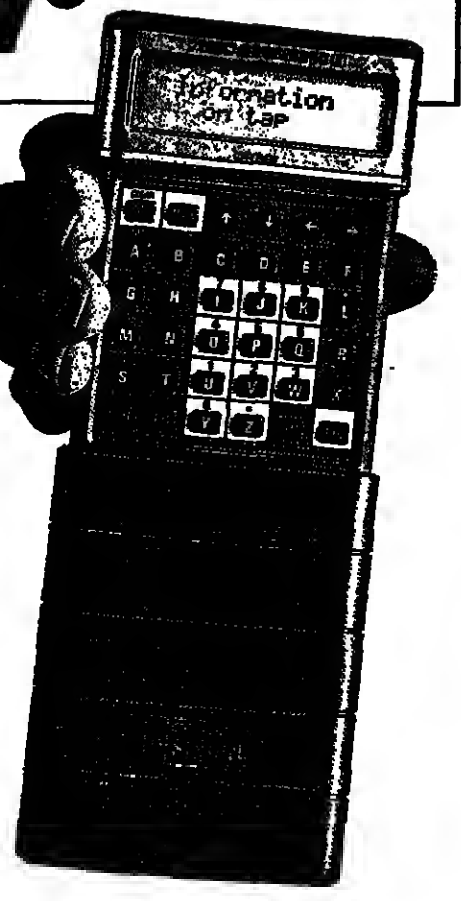
A proposal from Telco, the automotive part of the giant Tata industrial empire, for the 1800 cc Honda Accord, would however be at risk because Telco has produced only commercial vehicles in the past.

Criticism about using foreign exchange on a luxury car is also being levied in the Government against this proposal, which means Tata might have to consider introducing a smaller model.

Other plans from Escorts of New Delhi for the Citroen 2CV, from Mahindra and Mahindra of Bombay for Peugeot cars, and possibly tie-ups involving Fiat of Italy and Volkswagen of West Germany would also, it appears, be rejected.

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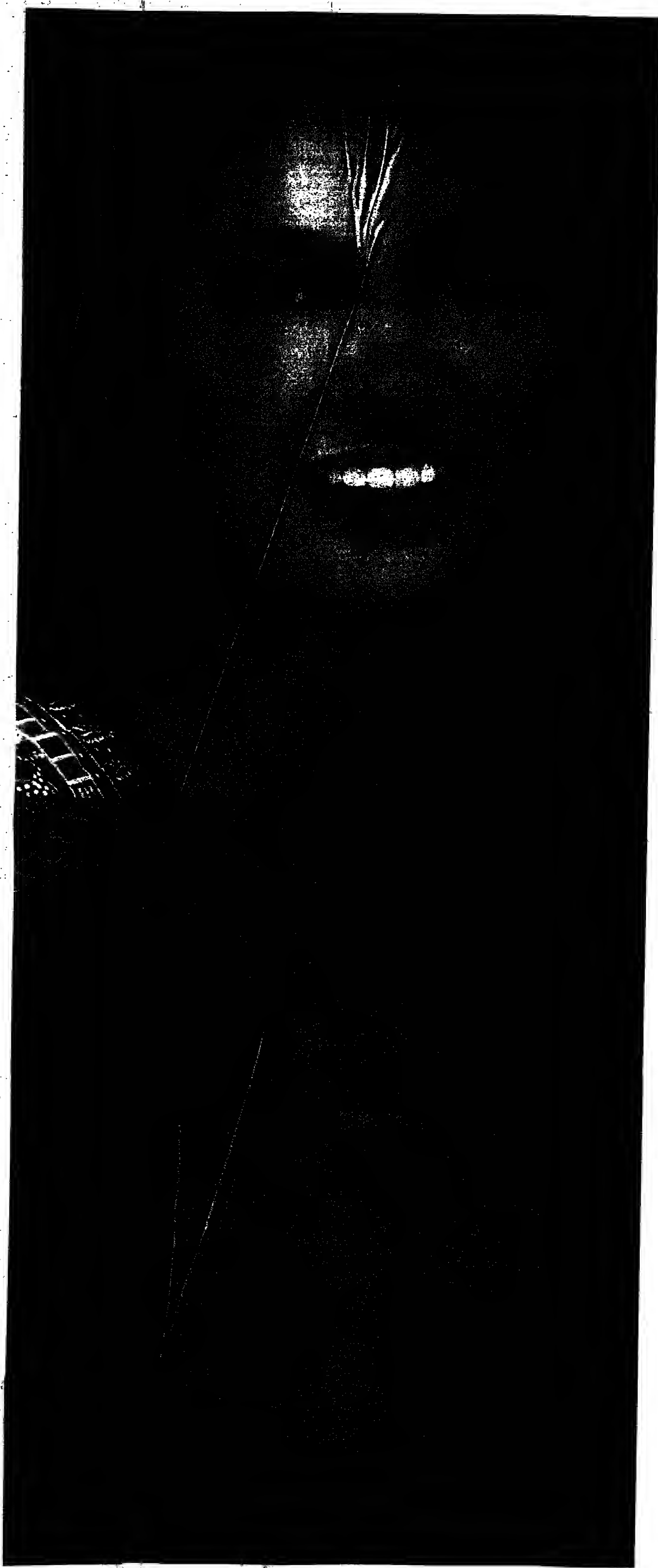
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# MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

## Tableware

# Waterford: in search of added sparkle

### Hugh Carnegie explains the Irish group's takeover of Wedgwood

"WATERFORD WAS a very fancy-rated company that suddenly stopped growing and slipped back to being more like any old Irish equity. Yet they always had a very good core business."

The key to the story of Waterford Glass—of how it lost direction in the early 1980s as its subsidiary companies ran into trouble and was then revived within two years to be able to mount last week's £250m takeover of the Wedgwood china group—is contained in that remark by a Dublin stockbroker.

The watershed came in 1984 when the biggest shareholder, an Irish family trust dominated by a family called McGrath who were partners in the Irish Sweepstake, sold its 50 per cent share to Globe Investment Trust, Britain's biggest investment trust.

Globe wasted little time in shaking things up. In early 1985, it brought in as chairman and chief executive, Paddy Hayes, who up until then had been chief executive of Ford in Ireland. A tough, crinkly-haired Cork man, Hayes was ripe for a new start after completing the depressing task of shutting down Ford's assembly plant in his native city as the motor trade in Ireland contracted dramatically. He had no previous experience of crystal making but his background would help him deal with one of Waterford's burdensome subsidiaries, the Smith Group, which held the Renault franchise for Ireland.

In a presentation to US investors earlier this year when Waterford successfully raised \$45m in an ADR issue on the American market, Hayes described Waterford prior to 1984 as a company with "two marvellous products—Waterford crystal and Aynsley china—and some unrelated and sometimes unprofitable subsidiaries. He added bluntly: "and, it must be said, some management and board members who were not committed to change and growth. This can be seen from the fact that most of the company's directors at the time had re-

tired from business and were well into their 60s."

There was a wholesale clean-out of the old regime. Nine directors, including three members of the McGrath family and the previous group managing director, retired. Among those brought in were Redmond O'Donoghue as director of sales and marketing, a role he previously performed for Ford in Spain, and Gerald Dempsey, appointed as vice-chairman for the US and Canada from Aer Lingus, where he was in charge of the airline's successful ancillary businesses.

New non-executive directors included David Hardy and Quentin Morris, respectively chairman and director of Globe Investment, who have since played a key role in helping guide Waterford's revival and in the Wedgwood bid.

The task was to sort out a situation in which the heart of the group, albeit with the odd murmur, was beating soundly, but was having to carry the burden of maintaining circulation to non-performing limbs.

### Disposal

In 1985, for example, before the disposal of the two main subsidiaries—Smiths and Switzer's Dublin department store—Waterford and Aynsley accounted together for 43 per cent of group net sales totalling £125.5m and 92 per cent of operating income totalling £22m. Switzer's contributed 23 per cent of sales but only 3 per cent of income while for Smiths the figures were 27 per cent and 2 per cent respectively.

Why did Waterford get entangled in such diverse, and ultimately such cumbersome businesses?

The decision to grow out of crystal making came at the end of the 1960s at a time when Waterford's updated factory at Killybegs, Waterford, near Ireland's south-east coast, took full advantage of a growing prestige market in the US for its high-quality, high-priced full-lead crystal to establish big earnings.

However, the company did not have the asset backing for a debt financed expansion and thus took advantage of its strong share price to grow by means of share exchange acquisitions. It made sense at the time," says one long-time observer of the company.

The rationale was that the Irish economy was doing well and was set to expand when Ireland joined the European Community (the early 1970s was a time of net immigration, so optimistic was the mood). Diversification into the domestic economy seemed sensible. The first acquisition, in 1970, was Aynsley, then a year later Waterford bought a majority share in Switzer's and took over the Dublin postcard and greetings card maker, John Hinde (which remains profitable and is still in the group).

Buying into Switzer's, an important retail outlet for Waterford Glass, was not such a radical move away from the core business, but the purchase of the Smith Group in 1974 was. Still, with the economy in good shape and the effect of the oil shock yet to be felt, the motor trade seemed like a good proposition.

"For some years we had some good success with these companies, but then the recession came and some began to lose money," says Anthony Brophy, the Waterford financial director whose experience spans both the pre- and post-Globe era.

By last year, the Smith Group had been so hard hit by the dramatic contraction of the car market in Ireland—where the recession, combined with very high duty and taxes imposed to slash new car buying—that losses were £1.5m and Waterford was forced to set aside nearly £10m in rationalisation costs for the company.

Neither had Switzer's blossomed and when Globe stepped in in 1984, the situation had reached a point where group net debts, as at the end of 1983, were at an all-time high of £847m. Globe saw the first priority as being to sort out the financial structure. This was achieved partly by cutting the level of inventories which had built up during the early



Paddy Hayes (top) and Sir Arthur Bryson together Waterford and Wedgwood will trade the prestige markets of the world

1980s. By the end of last year, debt was down to £158m. Then it was decided to concentrate on getting the group back to the traditional, and still successful, job of making glass.

Once the McGraths got the new company going after the Second World War, it did not take long to re-establish the reputation of Waterford, by building a name for itself in the US at the top of the market through moves such as supplying the White House.

The US in the mid-1980s was as strong a market as ever, and Aynsley China was also doing well. Fifteen years after diversification had seemed to be the answer, though, the

the US. Just under 50 per cent of their business is in America and much of the 20 per cent accounted for by Ireland and 12 per cent by the UK—the two next largest markets—goes to American tourists. Hayes estimated earlier this year that as much as 80 per cent of Waterford product is bought by Americans.

By contrast, mainland Europe accounts for a mere 5 per cent of business and Waterford has no presence whatsoever in Japan. Another remarkable feature is that Waterford has maintained its position at the very top of the market in the US, increasing volume sales notwithstanding price rises that put the average price of its stemware at \$40, at least \$25 more than its competitors.

The reliance on the US market also gives Waterford a very heavy exposure to the dollar. This has meant a need to hedge mainly through forward sale of dollars.

To ensure growth and reduce this reliance on the dollar, Waterford needed to increase its share of the European market and of strong potential markets such as Australia and to break into Japan. It was an expensive and lengthy prospect and thus one of the chief attractions of Wedgwood is the access it will give to these areas.

An early boost lies in Britain where Waterford has far fewer outlets than Wedgwood. "Waterford will be able to retail through Wedgwood's 150 'shop-in-shops'. There is an immediate benefit there," says Anthony Brophy, Waterford's chief financial officer. "The UK is a market that Waterford felt it had a much greater potential in and that can be exploited to the full."

Wedgwood's marketing and distribution networks in Europe and the Far East will also be tapped by Waterford. "It'll now be less expensive and much quicker," says Brophy.

He says one thing Waterford is not doing is aiming for a market, adding that immediate quality in machine-made crystal had not eroded demand for premium-priced handmade glass. "You could say Wedgwood is more an investment than a pure purchase. The deal must be preserved in its spirit."

The Wedgwood deal also raises the question of what has been done by Waterford's fellow Irish maker, Jefferson Smurfit. Was an Irish company has established a widely acclaimed name and reputation it seems to have little option but to expand its home economy as a major route to expansion ahead turn to world markets.

## Management abstracts

Feb loss as a career transition. J. C. Latack and J. R. Doster in *The Academy of Management Review* (US), April 1986 (173 pages)

Discusses how career growth can be generated from involuntary job loss as a "trigger" event; looks at the psychological effects of job loss, and examines individual characteristics and environmental factors that can moderate the transition process. Discusses strategies that the firing organization can follow, such as severance benefits and outplacement, to help turn job loss into career growth.

Not all chief executives should be spokespersons. R. E. Reidenbach + R. E. Pitts in *Journal of Advertising* (US), Vol 15 No 1 (72 pages)

Describes a study of the use of CEOs as company spokespersons in advertising, e.g. Victor Kiam; contents that not all CEOs have the necessary qualities in terms of credibility, and that the majority do not score well in persuasiveness; draws conclusions from the existing industrial spokespersons like Lee Iacocca.

Effective communication in an information society. J. C. Bennett + R. J. Olney in *The Journal of Business Communications* (US), Spring 86 (10 pages)

Produces results of a study of Fortune 500 company executives business communication skills considered to be most important, those that are the most problematic (lack of clarity tops the list), and what type of communication skills help an executive to get to the top.

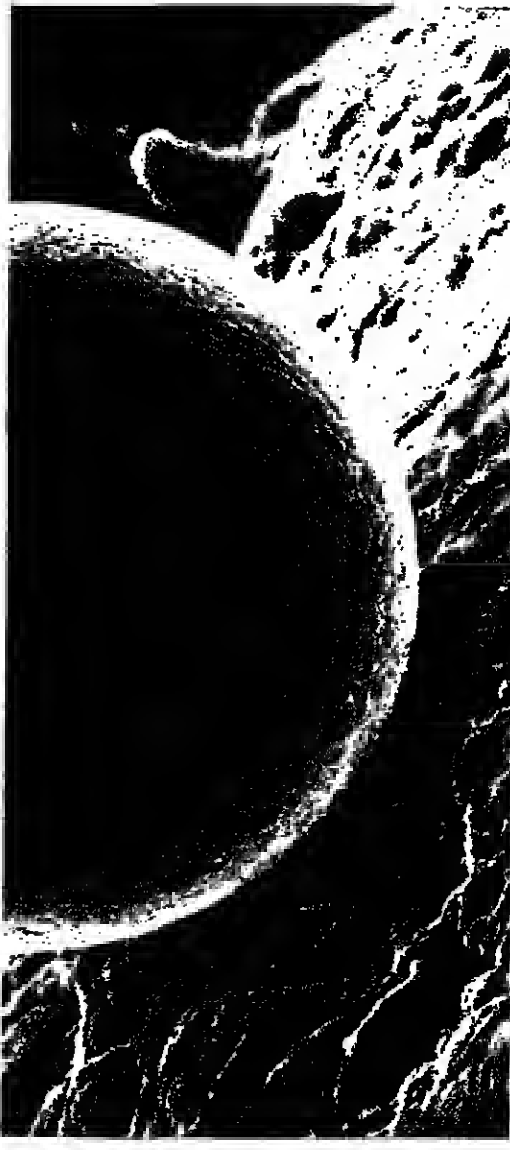
Human problems in strategic planning systems. R. T. Lanz + M. A. Lykes in *The Journal of Business Strategy* (US), Spring 86 (91 pages)

Describes the human issues that often frustrate the strategic planning process, e.g. budget padding, unwillingness to address strategic issues, and the failure to implement plans; identifies causes, inter alia, failure to match individual aptitudes with assigned planning tasks. Discusses how these human aspects can be managed, by participation in designing the planning process, modification of the reward structure, decentralisation of planning decisions, and chief executive support; looks particularly at ways of managing individual cognitive strains and role stress.

These abstracts are condensed from the abstracting journals published by Amber Management Publications. Licensed copies of the original articles may be obtained at a cost of £6 each (including VAT and p & p; cash with order). Write to: Amber, PO Box 23, Wexley HA9 8DZ.

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FRENCH INDUSTRY

# Renault Truck slows down RVI in its dash for profitability

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

"It is not my business to protect employment or to protect poor suppliers but to save the truck industry in France," says Mr Philippe Gras, chairman of the state-owned Renault Vehicules Industriels.

To do that I have to believe in anyone else in a well-managed corporation. If the French want their truck industry to be as sound as the German truck industry, we in France must follow the same criteria as the Germans.

Mr Gras, formerly commercial director of RVI, took over as chairman early last year after the group had reported a record FFr 3bn (\$450m) loss.

He immediately focused his attention on the problems associated with the appalling financial results. RVI had too many people on the shopfloor and on its staff; it had too many production sites; inventories were too large; the subsidiaries in Spain and the UK were losing too much money; and the company was making too many of its own components.

Mr Gras has had some success. RVI reduced its first-half loss from FFr 800m to FFr 400m this year and is on course to cut the full-year deficit from FFr 1.5bn to FFr 1bn.

He is sure that RVI will be profitable by 1988 even if no changes are made to the balance sheet which is top-heavy with debt and means the company has to find between FFr 400m and FFr 500m of annual interest payments.

There remains one major thorn in RVI's side: the UK subsidiary is not heading towards break-even as it should be. So the future of the subsidiary, Renault Truck Industries which employs 1,300 at Dunstable, Bedfordshire, is being reconsidered.

A new managing director, Mr Francis Cousin, 40, who has been in charge of RVI's Belgian company, has been appointed and given until the end of the year to develop a new strategic plan for RVI in Britain.

Mr Gras says that "closure is an extreme option" but he will not rule it out entirely.

Mr Cousin replaces Mr Laurent Brisset who for five years supervised a radical reorganisation of RVI's production facilities. Mr Cousin is expected to switch the emphasis to sales and marketing.

RVI has invested about

£100m (\$148m) in the UK subsidiary, formerly known as Dodge, to buy the shares and to cover losses since 1981.

Mr Gras acknowledges that RVI's difficulties stem mainly from the fact that the Dodge trucks, which provide its bread-and-butter business, are getting old, while at the same time the company's major customers are municipal authorities who have "buy British" policies.

Fig 100: a truck suitable for assembly in Britain

RVI has not been able to replace the Dodge vehicles fast enough with new Renault trucks because the replacements must have a high British content to appeal to the municipal buyers, says Mr Gras.

Industry observers point out that RVI has an obvious replacement for the Dodge 50 trucks in the Renault S-range which uses the same Perkins engine. If the S-range was put into production in Britain it could have a UK-produced drivetrain (clutch gearbox and shafts). This is something Mr Cousin almost certainly will consider when drawing up his strategic plan.

There remains the question of whether UK municipalities will ever accept Renault as part of the British truck-making establishment.

RVI will not be able to use the Dodge brand the authorities know so well on new vehicles because it belongs to Chrysler of the US, which owned the UK Dodge company until Chrysler sold all its European assets in 1979.

RVI cut its pre-tax loss to £7.5m last year, from £10.2m in 1984 and £12.4m in 1983. The losses were not huge by comparison with those sustained by Leyland, the state-owned British group which suffered a £11m operating loss

in 1985, or the £73m net loss Bedford, General Motors' UK subsidiary, sustained that year.

But Mr Georges Besse, chairman of the parent Renault group, has issued instructions that "every subsidiary and every subsidiary's subsidiary must become profitable." Mr Gras says RVI is the only RVI subsidiary not moving towards break-even by the end of next year.

He points out that two years ago RVI was equally concerned about its truck-building subsidiary in Spain. But the Spanish Government provided FFr 2bn (\$300m) for a voluntary redundancy programme which cut the workforce by 500

to 2,000, to put the company on the road to recovery. Some old-fashioned components used by the Spanish subsidiary, such as cabs for heavy trucks, are being replaced by modern ones supplied from France. In exchange, the Spanish company is becoming the sole supplier of glass components to the whole RVI group.

Mr Gras says the Spanish effort is now making a net profit — although we still lose money on the trucks we sell to the Spanish company so there is an overall loss to the group.

He adds: "Two years ago we were worried about Spain but it turned round. Before we contemplate extreme solutions (in the UK) let's do what we did in Spain."

It is reasonable to assume that much of what Mr Gras says is directed as much at the unions in France as at UK employees. In France he has just instituted another job-reduction programme which will involve a further 3,684 going by the end of 1987 to take the number

employed down by 19,000. This follows a cut of 2,560 jobs in 1985 — people left because we put an intense pressure and just plain fired some with the approval of the Ministry of Labour. A separate early-retirement programme saw another 500 people leave in the first six months of this year.

Mr Gras says this is part of a drive to get costs down and productivity up. RVI carried out 280 different studies to compare its own operations with those of competitors in truck building, component production, forging and foundries, to see what was required to improve competitiveness.

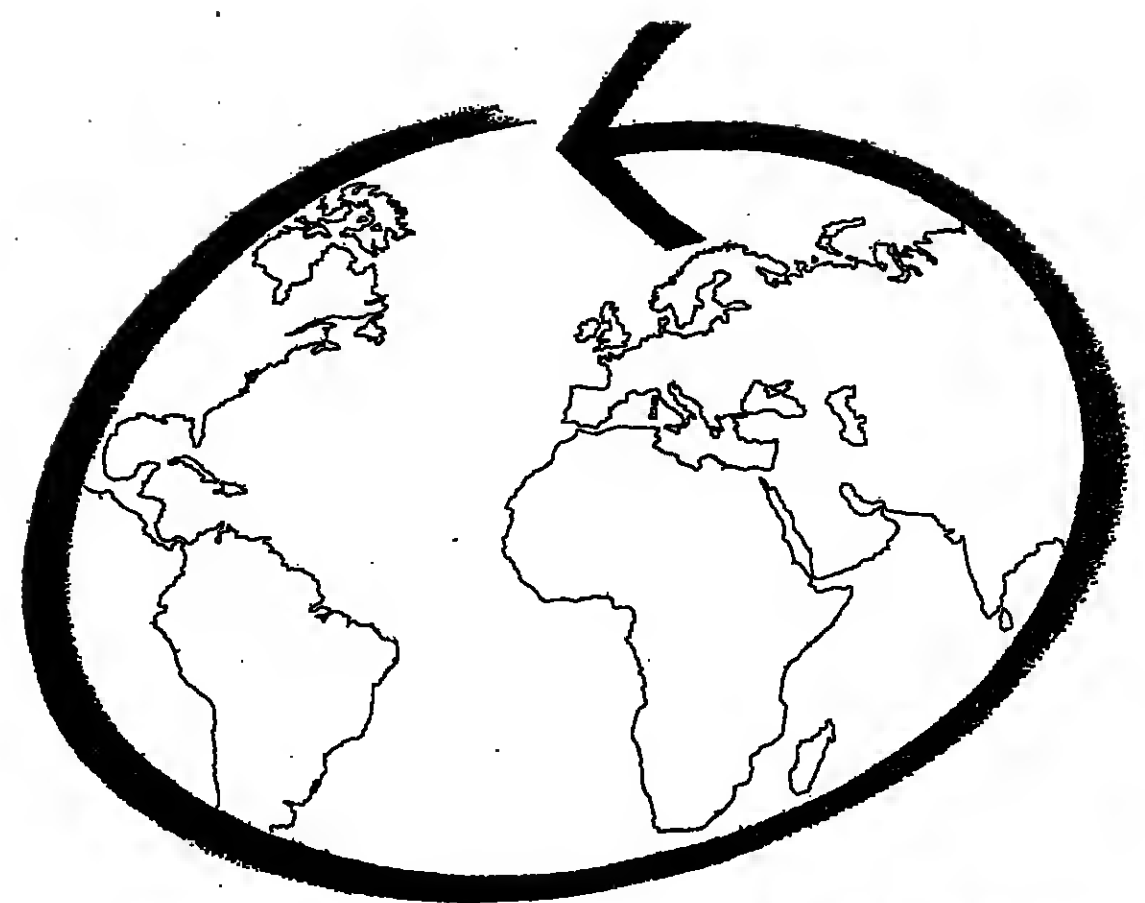
The latest restructuring programme should reduce RVI's break-even level of output from about 48,000 vehicles a year to 40,000 (a figure which does not include the US subsidiary, Mack Trucks). Productivity will improve so that truck output per employee per year, 2.07 in 1984 and now 2.8, will be well over 3 by the end of 1987.

RVI's truck production this year will be about 4 per cent below the \$4.514 in 1985 — including between 5,000 and 6,000 exported to the States for sale as Mack Midliner models. Mack's output should be about the same as last year's 28,267.

Mr Gras insists RVI has never cut its investment programme in spite of its financial problems. Spending on new products is equivalent to 8 per cent of sales — turnover last year was FFr 14.6bn — and global research and development expenditure 5 per cent of sales.

Losses have wiped out RVI's shareholders' funds and French law requires it to make adjustments to the balance sheet at the end of this year.

Mr Gras says FFr 3.5bn to FFr 4bn is needed from the parent. An asset revaluation could provide about FFr 2bn and the parent, Renault, could provide cash and Mack shares to cover the rest. Meanwhile, RVI will continue to protect its near-40 per cent market share in France, a level necessary to keep the dealer network in reasonable shape, in spite of the price war. The price war is a fact of life in the industry, says Mr Gras. "Our financial recovery will come from our attack on costs, not because the price war will go away."



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# INTL: COMPANIES and FINANCE

## John Wicks on the Swiss group's shift from primary production Aluisse quits the smelting race

ALUISSE has been in the aluminium business a long time. In 1958 it opened Europe's first aluminium electrolysis at Neuhausen, just below the Rhine Falls and at the beginning of 1986 ranked among the world's biggest aluminium smelters. All this is changing fast.

The collapse of aluminium prices and the weakness of the dollar have put Aluisse deep in the red. Last year the group suffered a massive loss of SFR 692.2m (\$450m) and another "substantial" deficit is expected for 1986. Aluisse believe it will be another three years before there is a return to net profitability.

The aluminium market started to head for trouble in the 1970s, as capacity gradually outstripped demand. The industry world wide took too long to realise what was happening and kept on reckoning with improved prices and new growth. "Aluisse was no exception," Mr. Nello Celio, company chairman recently admitted. "We made wrong decisions, too, and too often trusted in the silver lining."

In primary-aluminium production nobody is looking for a silver lining. Mr. Hans Juchacz, the chief executive installed following this year's dramatic management reshuffle, says there are no signs of a change in the weak price trend which for Aluisse has been aggravated by the sagging dollar. This was reflected in first-half sales with aluminium-division turnover down 17 per cent to SFR 2,289m - or 8 per cent in terms of local currencies. Divisional results were

also worse than last year, with the metal price likely to "impair earnings potential" further in the second half.

Given this unpromising situation, Mr. Juchacz says that Aluisse will cease to be a leading name in aluminium smelting. Traditional products are increasingly to give way to specialities and "tailor-made" items with higher unit value. Future investments will centre on more or less sophisticated operations in chemicals and processed aluminium.

Smelter capacity, which amounted to 868,000 tonnes in 1985, will be only about half this next year. In America the group is to dispose of its 66 per cent stake in Ormut, an Ohio producer, for \$94m, and will complete the closure of its New Johnsonville smelter by the end of the year, which has been badly hit by massive increases in electricity prices.

Thus Aluisse's US subsidiary Conalco will no longer produce primary metal. The company's readiness to quit production is underlined by the fact that the Ormet disposal was financed by "repayable loans," with the new owner Ohio River Associates receiving a further loan of \$1.4m to re-open struck potlines.

Nor will Aluisse's remaining European smelter capacity remain untouched by the cuts. The company is starting off at home with two cuts of 6,000 tonnes each in the capacity of its Chippis smelter, one next month and the other in 1987, while the 50 per cent stake in SAVA Aluminium Veneto is to be sold by the end of this year.

By 1989, when group sales are likely to have dropped to about SFR 6bn - compared with the 1984 record of almost SFR 8.55bn - the name Swiss Aluminium will have become something of a misnomer. To an increasing extent, Aluisse will be dominated by chemicals, composite materials and other special products.

A key role in future trading will be played by Lonza, the Basle-based chemical company acquired in 1974. Lonza plans

to grow in local-currency terms at a rate above that for Swiss GNP, with expansion centred on intermediates, fine chemicals and chemical specialities. Last year sales were of just over SFR 1.7bn.

Aluisse's reorganisation will not result in a complete withdrawal from aluminium. Apart from the remaining smelter capacity and, upstream, the controlling interest in the Gove bauxite mine and alumina plant in Australia, Aluisse is still interested in staying in the anode business.

Metal aerosol cans are increasing their sales, foil activities are "on the whole satisfactory" and the group sees plenty of chances for composites such as the packaging construction materials "Alincobond" and "Steralcon," production of which is being expanded.

As far as geographical strategy is concerned, Aluisse's presence in the US has shrunk substantially in the wake of recent disposals. But the US will remain an important site for operations, specifically aluminium-division specialities like ceramic filters, composites and laminated foil and Lonza products such as swimming-pool chemicals and foam panels.

How long will Aluisse keep its present name? "We haven't even thought about it," says Mr. Alfred Schmidweber, senior vice-president. "In the foreseeable future, we don't intend to give up the 'Swiss' part of the name, which we see as an asset on the world market."

### NOTICE OF REDEMPTION

## Ward Foods Overseas Capital Corporation, N.V. and Ward Foods, Inc. Guarantor

5 1/2% Subordinated Guaranteed Debentures Due 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture Dated as of November 1, 1968 among Ward Foods Overseas Capital Corporation, N.V., Ward Foods, Inc. and J. Henry Schroder Bank & Trust Company, as Successor Trustee, \$725,000 in aggregate principal amount of the above captioned Debentures will be redeemed through operation of the Sinking Fund on November 1, 1986 (the Redemption Date) at 100% of the principal amount thereof (the Redemption Price) together with accrued interest to said Redemption Date.

The serial numbers of the coupon Debentures redeemed are set forth below:

M 41	M1175	M2188	M4543	M4746	M7716	M8992	M 9768	M10014	M10830	M11394	M11882	M12279	M12218	M14016	M14510
121	1793	2280	4562	6196	7811	8397	9374	10919	10834	11412	11925	12382	13226	14024	14329
329	1809	2285	4991	6299	7819	8503	9376	10253	10854	11423	11937	12394	13238	14036	14341
396	1849	2361	4979	6295	7815	8500	9380	10243	10845	11413	11927	12384	13228	14026	14331
449	1861	2371	4618	6273	7828	8523	9382	10278	10876	11446	11960	12417	13261	14059	14364
497	1887	2402	4621	6274	7828	8527	9410	10302	10903	11474	12007	12464	13308	14106	14411
508	1908	2413	4643	6329	7847	8561	9414	10318	10919	11498	12031	12488	13332	14130	14435
548	1912	2424	4691	6348	7869	8607	9441	10354	10954	11530	12063	12520	13364	14164	14469
561	1919	2436	4773	6390	7919	8680	9468	10397	10990	11574	12106	12563	13407	14193	14504
583	1921	2438	4820	6395	7946	8706	9496	10434	11024	11614	12149	12596	13450	14222	14537
575	1922	2439	4833	6401	7957	8713	9504	10444	11034	11624	12159	12606	13460	14232	14547
570	1927	2494	4872	6402	7960	8731	9504	10454	11044	11634	12169	12616	13470	14242	14557
708	1944	2501	4942	6440	7984	8767	9532	10484	11074	11664	12202	12649	13513	14271	14586
731	1946	2503	4959	6460	7987	8769	9532	10484	11074	11664	12202	12649	13513	14271	14586
760	1978	2513	4991	6503	7995	8767	9538	10489	11079	11669	12207	12654	13518	14276	14591
782	1980	2515	4991	6503	7995	8767	9538	10489	11079	11669	12207	12654	13518	14276	14591
810	1992	2523	5056	6573	8069	8799	9551	10527	11122	11720	12284	12741	13601	14311	14622
821	2002	2534	5091	6599	8099	8829	9584	10559	11154	11752	12316	12773	13633	14343	14654
840	2022	2565	5118	6628	8128	8858	9595	10595	11183	11781	12345	12802	13662	14372	14683
842	2032	2566	5128	6638	8138	8868	9605	10605	11193	11791	12355	12812	13672	14382	14693
870	2163	2698	5342	6820	8277	8935	9644	10639	11228	11828	12390	12846	13706	14418	14729
876	2169	2698	5346	6824	8281	8939	9648	10643	11232	11832	12394	12850	13710	14422	14733
949	2183	2707	5347	6825	8284	8944	9652	10647	11236	11836	12398	12854	13714	14426	14737
985	2227	2749	5389	6867	8327	8987	9691	10684	11273	11873	12435	12891	13751	14463	14774
1024	2319	2823	5436	6916	8376	9036	9698	10734	11324	11924	12486	12942	13792	14504	14815
1025	2410	2823	5436	6916	8376	9036	9698	10734	11324	11924	12486	12942	13792	14504	14815
1099	2546	2888	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1072	2556	2898	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1088	2564	2908	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1099	2566	2910	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1102	2568	2912	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1156	2635	2933	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1188	2684	2954	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1211	2781	2979	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1214	2787	2980	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1218	2807	2981	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1422	2808	2982	5749	7119	8123	8798	9712	10445	11182	11844	12527	13271	14015	14863	14919
1429	2902	3082	6239	7294	8412	9238	9849	10666	11319	11761	12300	13120	13940	14416	14920
1435	3007	3184	6285	7404	8420	9256	9859	10675	11328	11775	12309	13129	13949	14425	14929
1480	3054	3231	6339	7515	8428	9264	9868	10684	11337	11784	12318	13138	13958	14434	14938
1486	3058	3235	6343	7519	8432	9268	9872	10688	11341	11788	12322	13142	13962	14438	14942
1574	3277	3477	6673	7843	8496	9306	9881	10718	11340	11787	12321	13141	13961	14437	14941
1614	3128	3478	6673	7843	8496	9306	9881	10718	11340	11787	12321	13141	13961	14437	14941
1617	3118	3468	6673	7843	8496	9306	9881	10718	11340	11787	12321	13141	13961	14437	14941
1717	3138	3488	6673	7843	8496	9306	9881	10718	11340	11787	12321	13141	13961	14437	14941
1723	3143	3493	6673	7843	8496	9306	9881	10718	11340	11787	12321	13141	13961	14437	14941

Interest on said Debentures to be redeemed shall cease to accrue on and after the Redemption Date and on said date the Redemption Price will become due and payable on each of the Debentures called for redemption.

Payment of the Debentures to be redeemed will be made upon presentation and surrender thereof, together with all coupons representing interest thereon subsequent to the Redemption Date, at J. Henry Schroder Bank & Trust Company, One State Street, New York, New York 10015, 6th Floor, Corporate Trust Department or at the option of the holder at the offices listed below:

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- Banque de Paris et de Pays-Bas Banque de Paris et de Pays-Bas 163 Boulevard Emile Jacquetot 1000 Brussels, Belgium
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- The Chase Manhattan Bank, N.A. 41 Rue Cambon 75001 Paris, France
- Banca Commerciale Italiana 6 Piazza delle Scale Milan, Italy

Coupons which shall mature on or before said Redemption Date should be detached and surrendered for payment in the usual manner. For all purposes of the Indenture, the Debentures called for redemption in accordance with the foregoing will be deemed to be no longer outstanding on or after November 1, 1986, and all rights with respect thereto except as stated above, will cease as of the close of business on said date.

Ward Foods Overseas Capital Corporation, N.V. and Ward Foods, Inc. Guarantor By: J. Henry Schroder Bank & Trust Company, As Successor Trustee

Dated: October 15, 1986

Under the Interest and Dividend Tax Compliance Act of 1963, we may be required to withhold 20% of any gross payments made within the United States to certain holders who fail to provide us with, and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the securities are presented for payment. Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

## GB-Inno plans combined share and bond issue

BY QUENTIN PEEL IN BRUSSELS

GB-INNO-BM, the largest Belgian retail group, is to raise more than BFR 3bn (\$72m) in additional capital through a combined share issue and sale of bonds with warrants.

The money is intended to finance expansion of the group both in Belgium and outside the country and repay outstanding loans.

Slightly more than half the extra funds will come from the issue of 200,000 shares, which

at the current price of BFR 8,400 would produce BFR 1.68bn.

The rest would be raised by the sale of BFR 1.5bn in bonds with warrants reserved for GB shareholders. A portion of the issue will be reserved for company employees, according to a GB statement, and the transaction will be carried out in November.


Announcement of the exercise coincides with details of the group's half-year results, showing continuing stagnation in turnover in the Belgian retail market—although a significant increase in net profits.

Sales in the first half by the group, which includes supermarkets, hypermarkets, department stores and fast food restaurants, remained the same as in the first half of 1985, at BFR 62.5bn but after-tax profits were up from BFRs 294m to BFRs 378m, an increase of 26.8 per cent.

The company is expecting an improvement in the second half as the extra disposable income from falling petrol prices starts to work through into the general retail sector.

Nonetheless, analysts expect the capital increase to be devoted in significant part to expansion outside the country, where GB has a variety of interests in do-it-yourself stores in the US, Britain, France and the Netherlands.

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UK NEWS

# Shopping centre projects face planning curbs

BY WILLIAM COCHRANE

THE GOVERNMENT is planning a clampdown on the development of large shopping centres, especially in protected areas of the countryside known as green belt.

It is difficult to see why major developers and institutional investors should be advancing these giant speculative projects which fly in the face of long-established green belt policy - a policy to which this government is fully committed.

He said that promoters of some of the "wild" schemes have no reason to think that they will succeed in breaching green belt policy.

"It could well be considered irresponsible to launch these proposals which run completely counter to established policy," he said. "Those who pursue them to the point of appeal may find that they have the costs of any enquiry awarded against them."

Mr Colin Kerr, chairman of the conference, estimated the current boom in shopping "megacentres" proposals at 27m sq ft to date, and said that this was "only the tip of the iceberg."

Major retailers last night seemed to be mostly on the Government's side. Mr Roger Aldridge, divisional director of estates at Marks and Spencer - which envisioned the out-of-town boom with its move to the Graysheaf Meadow Centre - said that while Marks and Spencer was involved in six or seven out-of-town retail projects, it had made a policy decision against green belt locations.

Mr Waldegrave was especially critical of green belt projects. He warned that developers who appealed against planning refusals might "find they have the costs of any inquiry awarded against them."

"Hardly a week goes by," he said, "without our reading in the press of yet another vast shopping centre - or more often a 'shopping and leisure complex' which it is proposed

## GROUP CONSIDERS MAJOR EXPANSION IN COMMUNICATIONS SECTOR

# GEC may take large stake in cable TV

BY RAYMOND SNODDY

THE GENERAL Electric Company (GEC) is considering making major new investments in cable television including the possibility of applying for franchises and becoming a cable television operator.

Plans being considered involve the spending of as much as £10m a year for 10 years although the amount involved would depend on how many franchises were involved.

Mr Pat Keller, managing director of GEC Communications told a seminar on cable this week GEC was considering the possibility of a large investment in cable and "its possible role as network provider and operator, building and owning networks."

Under such an arrangement GEC would want to retain the right to carry the value added and telecommunication services and probably lease the provision of entertainment services.

Ideas for a significant expansion in cable have yet to go to the main GEC board, however.

Mr Keller confirmed that if the plan went ahead GEC would apply to the Cable Authority for its own cable franchises. Mr Jon Davey, di-

rector general of the Cable Authority suggested at the seminar at the Institute of Accountants that GEC ideas to lease out entertainment might not be a barrier to winning a franchise. Already some cable companies lease their network from organisations such as British Telecom.

"The germ of a solution for the slightly new venture from GEC probably already exists in the present situation," Mr Davey said. GEC already holds minority stakes in two cable operating companies and has won contracts to install the networks at Clyde Cable in Glasgow

and East London Telecommunications in London's Docklands.

GEC executives believe eventually that the real money to be made in cable will go to the operators and point out that the large cash flows will usually begin only after companies such as GEC have finished installing the network.

GEC already plans to launch a mobile radio operating company sometime next year. The company was awarded one of the two national public mobile radio networks created out of the old 405 line television frequencies. It will be used for

private communication within companies.

At the seminar, Sir Kenneth Cork, former senior partner of Cork Gledhill and now deputy chairman of Ladbrokes, said the first subscribers had been connected to the new cable franchise in Ealing, West London, and the service would be launched next month.

Ladbrokes is the main investor in Cabletel Communications, which is planning to cable 100,000 homes in the Ealing area. Sir Kenneth said he believed the return on investment from cable looked like being 25 per cent

# Overseas rivals gain most from boom

By Philip Stephens, Economics Correspondent

MANUFACTURING output has shown signs of a small recovery in recent months, but Britain's overseas competitors remain the main beneficiaries of the boom in consumer spending.

The Central Statistical Office (CSO) said yesterday that its index of industrial production shows that during the three months to August manufacturing output rose by 0.5 per cent over the previous three months. The rise followed a sharp drop in production in the first months of the year.

Compared with the same period a year ago, however, manufacturing output in the latest three months was almost flat, despite a rise in consumer spending of between 4 to 5 per cent.

The implication is that British companies are failing to compete with foreign rivals who have been taking an ever-increasing share of the UK market. Sluggish output is also a reflection of the subdued growth rate of British exports, which have been rising less than half as fast as imports.

The relatively flat picture in manufacturing extends to overall output of Britain's production industries, which include oil, gas and coal production and electricity generation. Over the last three months output was down by 0.3 per cent compared with the previous three months, despite a sharp rise in North Sea oil production in July and August.

Government statisticians said that the trend reflected both a drop in coal and gas output and a general weakening of electricity generation.

The manufacturing figures show that Britain's output is still more than 5 per cent below the 1979 peak just before the present government took office, while total industrial production has risen by 2.1 per cent because of the build-up of North Sea oil output.

The failure of British industry to compete in meeting rising domestic demand generated by buoyant real incomes and the recent credit boom is shown by the performance of the consumer goods sector. The CSO figures indicate that consumer goods manufacturers have increased their output by only one-third of 1 per cent over the last year.

# Gunn becomes chief of B & C Shipping

BY CHARLES BATCHELOR

MR JOHN GUNN, the man who built Exco International into the largest UK money broker group, has been appointed chief executive of British & Commonwealth Shipping (B & C), the transport and financial services company controlled by the Cayzer family.

Four other directors, all former associates of Mr Gunn, will also be joining the B & C board. These moves end the Cayzer family dominance of a company which started life around the turn of the century, as Clan Line Steamers.

Lord Cayzer, 76, a prominent supporter of the Tory party, will remain as chairman. The family own just under half of B & C's shares.

But the Cayzer control may be eroded following an agreement that B & C's revitalised board will be allowed to use shares to finance acquisitions in future. This could dilute the family shareholding. Previous deals have been funded by cash.

"There has been no in-house push," said Mr Gunn yesterday. "There have been tough negotiations but the chairman is delighted with the outcome. This is an historic moment for the company."

B & C has long been viewed as a secretive, enigmatic company by many in the City despite the spectacular success of some of its investments, including stakes in Exco and in Telestar, the US business information group.

The broad spread of its investments and the lack of direct B & C management control over a large

# Emphasis on speed earns reprimands

By Fiona McEwan

CAR advertisers who over-emphasise speed have been reprimanded by the Advertising Standards Authority, the industry watchdog. In its latest report, in the week of the Motor Show and its European Safety Year, complaints against Austin Rover and Citroën are upheld and Talbot is cautioned, for suggestions in their advertising that driving over the speed limit is either permissible or desirable.

Friends of the Earth objected to Austin Rover's ad for the MG Montego turbo headlined "Montego Faster" with "awesome" and "enthralling" in the copy, which suggested high speed, even though the car pictured was not on a road.

Citroën was booked for its BE19 GTI ad which features an illustration of the car leaving the names of rival cars in its wake.

Talbot's Peugeot 205 GTI advertisement with the headline "It's a passport until you stop on it" was booked, said the ASA, in that it might invite people to try its speed.

Imperial Chemical Industries faced a wave of protests with a press advertisement promoting awareness of fertiliser in modern farming. The Free Trade League, British Organic Farmers and 59 members of the public objected to claims that fertilisers reduce the cost of food production by 70 per cent in the case of wheat.

Motor Show Reports, Page 15

# Two-year extension for ITV franchises

BY RAYMOND SNODDY

THE GOVERNMENT has decided to extend the franchises of Britain's 15 independent television companies for two years to give time for considering ways of reforming the system.

A short Bill to make the change will be introduced into the next session of Parliament, which will effectively mean that the present ITV companies will hold on to their franchises until 1992.

The change will mean two extra years of certainty for companies expected to have revenues this year of around £1.2bn. Mr Douglas Hurd, the Home Secretary, has rejected the appeal from the Independent Broadcasting Authority (IBA) that there should be an extension for four years. The IBA argued that such an extension was needed to reduce uncertainty in a period when

Britain is due to launch three new channels of national satellite television (DBS).

The Government believes that an extension of two years is enough to look at the structure of ITV franchises as part of the process assessing the recommendations of the Peacock Report into the future of British broadcasting.

One of the Peacock recommendations strongly opposed by both the IBA and the ITV companies - is that franchises should be put out to tender. The Government has told the IBA of its intention to go for a two-year extension.

Some ITV managing directors would have preferred the past eight-year cycle, which had been due to get under way next year, to have gone ahead on schedule.

# Lloyds computer plan

BY ALAN GANE

LLOYDS Bank plans to spend £570m on computer and telecommunications technology over the next three years to give its branch offices easy access to marketing information about its customers. The information is at present held in separate files and is difficult to assemble quickly.

It is the largest sum the bank has ever committed to any single project, excluding the purchase of other banking institutions.

It will be spent on replacing its existing branch computer terminals, installing some 34,000 new controllers, terminals and other computer devices and the establishment of a new voice and data telecommunications network.

The new programme, which Lloyds calls its Branch Information Technology Project, will make it possible for branch executives to pull together quickly all the information the bank holds about any of its customers, no matter how many separate accounts they have.

The idea is to improve service and to facilitate "cross-selling"

## Barclays Bank Base Rate.

Barclays Bank PLC and Barclays Bank Trust Company Limited announce that with effect from 14th October 1986 their Base Rate was increased from 10% to 11%

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# UK NEWS

## PARTIES BEGIN TO DEFINE SHAPE OF CAMPAIGN STRATEGIES

### Tories focus on radical reform of education

By Peter Riddell, Political Editor

EDUCATIONAL reform will take up the baton from trade union reform in the radical programme of Tory conviction politics offered at the next election, Mr John Biffen, the Leader of the Commons, suggested last night.

In the second annual Disraeli lecture in London, Mr Biffen, the Cabinet's resident political commentator and philosopher, highlighted what he sees as a coming together within the Tory leadership. His theme was that "the conviction politics of today should become the political consensus of tomorrow."

In particular, he argued that "the pursuit of Tory radicalism can be most successful when it marries the desire for major change with the matching Conservative instinct for continuity. That is the triumph of Conservatism since 1979."

Stability and continuity and the language of conciliation were, he said, valuable preconditions for carrying out major change and winning popular acceptance.

He acknowledged that the Tory radical approach could be assisted by a brisk sense of ideology but said it would be "fatally imperilled if that becomes extremist zealotry."

In particular, he criticised "some libertarian radicals on the far right" who favoured perpetual revolution and were "Tory Maoists" in their quest for further far-reaching reform which was vigorous and uninhibited.

Mr Biffen said he saw every advantage as a Tory conviction politician in taking forward the policies of inflation and spreading home and share ownership followed since 1979 which he wanted to see consolidated into further success.

He also saw scope for further changes, particularly in education, in view of the inspiration provided by the 1944 Butler Education Act.

The Tory radical could not set aside this challenge of institutional reform. While the wells of trade



John Biffen: Attack on the "Tory Maoists"

union reform, although not dry, had been drawn upon heavily in recent years, it was now clear that the alternative topic of education invited great public interest.

The Trades Union Congress criticised the Government's policies on education and called instead for greater links between education and industry, Philip Bessett writes.

Mr Norman Willis, TUC general secretary, warned at Warwick University against the view of higher education as "glorified vocational training." He said: "We do not go along with this new brutalism. Educational institutions have a responsibility to respond to economic and industrial needs. But higher education also has to look at social and cultural needs."

Mr Willis blamed the forecast shortage of skills over the next few years on government failure to invest in education and training, on employers' unwillingness to fund training and education's inadequate response to industry's needs.

### Play the Scottish card call by SNP

By James Burton, Scottish Correspondent

THE SCOTTISH National Party yesterday launched an autumn publicity campaign aimed at persuading voters that a vote for the SNP is the best way of ensuring that Scottish issues are not ignored by the major political parties.

The campaign, during which 400,000 leaflets will be delivered to Scottish homes, will focus on four domestic issues - the future of the Scottish steel industry, nuclear energy, youth unemployment and a demand for equal heating allowances for Scotland compared with the rest of the UK.

It will use the slogan: "There's only one way to stop Scotland getting another raw deal - play the Scottish card." The SNP is to spend £25,000 on the campaign, a record amount for the party.

The SNP's morale has been boosted both by a successful conference last month and by a recent opinion poll which put the party in second place in Scotland for the first time in eight years. The poll, taken by System Three for the Glasgow Herald, showed the SNP taking 18 per cent of the vote. Labour took 59 per cent and the Conservatives and Alliance took 16 per cent each.

On the basis of this poll, the SNP believes, it would win nine seats at a general election, seven of them from the Conservatives and two from Labour. Added to the two constituencies it currently holds, the SNP would have 11 parliamentary seats - the same number it won at its peak in the October 1974 election.

But yesterday Mr Gordon Wilson, MP, the SNP's chairman, said that it was now time for the party to expand its horizons and set its sights on a "second string" of nine seats, held mainly by Labour, the party the SNP must defeat if it is even to win a majority in Scotland. The autumn campaign would be targeted on these 18 seats.

Though the SNP still hopes to hold the balance of power in a hung Parliament and insist on immediate moves towards constitutional autonomy for Scotland, it now believes the most likely outcome of the next general election, which it expects to be held next May or June, is a Conservative victory.

This, Mr Wilson believes, would be a catalyst for the SNP, leading eventually to a big switch by voters from Labour to the Scottish National Party. In the meantime, he said, the party must be prepared to take on all comers.

### Labour leaders drop opposition to full membership of EMS

By our Political Editor

THE LABOUR party leadership has decided to drop its outright hostility to full British membership of the European Monetary System (EMS) and to adopt an attitude of qualified and conditional support.

Mr Neil Kinnock, the Labour leader, and Mr Roy Hattersley, the shadow Chancellor of the Exchequer, yesterday both highlighted the significant shift in the party's attitude when speaking at a London press conference.

Mr Kinnock said that if several preconditions were satisfied he would have no disagreement in principle with joining the EMS. He said it was crucial that the consequences of joining would not be "a shattering blow to the currency, interest rates or to the general development of the economy."

Mr Hattersley noted both benefits and disadvantages of membership but pointed to the advantage of avoiding wild fluctuations in the exchange rate.

In a speech later today in Manchester, Mr Hattersley will develop Labour's policy in detail. He will say that the preconditions must include an acceptance of policies of economic expansion and fuller employment in the Community, of convergence of financial and economic approaches, of mutual currency support and of trade policies to protect countries which want to expand but which have a weak manufacturing base such as Britain's.

Labour wants to make its approach public before the speech in the City of London tomorrow by Mr Nigel Lawson, the Chancellor of the



Neil Kinnock: shift in party's attitude

Exchequer. The shift in the party's view is highly significant in increasing public calls for EMS entry. It reflects both the changing international position and the Labour leadership's acceptance of the desirability of currency stability for the success of its own plans.

In the past the Labour leadership has been reluctant to support full EMS membership, despite the private views of some of its Treasury spokesmen, partly because of a desire to avoid reopening the old party arguments about the EEC. In 1978-79 when the EMS was set up, the Callaghan administration decided against full entry.

### Kinnock sets party on the publicity trail

By Peter Riddell

"ON WITH THE VIVALDI," the master of ceremonies announced as the Labour leadership assembled in the Shaw Theatre in London to launch the party's latest propaganda campaign.

It was less a press conference than a multi-media event. There was an elegant backdrop on the stage, with journalists as stoges in the stalls, as the cameras rolled for a Labour Party political broadcast.

The occasion for the razzmatazz was the launch of Labour's glossy brochure Investing in People, 75,000 copies of which will go on sale around the country at 75p each.

The brochure is not intended to be a detailed manifesto - rather it is a statement of Labour's general priorities for the pre-election period in an easily digestible form with pictures. The common slogan on each page is "Investing in..." whether it is jobs, industry, skills, children, the elderly, health, the environment, opportunities for all and safer communities.

The aim is to popularise recent policy decisions and to bring together

the two campaigns on jobs and industry, and freedom and fairness, around a core idea and theme. All this reflects considerable market research among target groups of voters about which theme strikes a chord.

According to Mr Peter Mandelson, Labour's director of communications, Investing in People is intended to link the aspects of collective provision and individual opportunity and to combat the Tories' pre- and post-1979 theme of self-reliance. The campaign also links wealth-creation and social provision.

A missing element yesterday was defence policy, the area where Labour may be most vulnerable. This will be the subject of a separate campaign to be launched around the end of the year.

Meanwhile, Labour will follow yesterday's brochure with tours, interviews and speeches. For instance, Mr John Smith, the party's trade and industry spokesman, is spending this week on an intensive series of visits around Britain.

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The right to convert the Bonds into Common Stock of the Company will terminate at the close of business on Friday, 28th November, 1986, the business day immediately preceding the date fixed for redemption. Bonds to be converted should be surrendered in accordance with Condition 5(B)(1) at the office of the Conversion Agents specified at the end of this notice on or before 28th November, 1986.

The Bonds are presently convertible into Common Stock of the Company at a price of 592.7 yen per share. At such Conversion Price the holder of US\$5,000 principal amount of Bonds would receive 1,949 shares of Common Stock of the Company (using the fixed exchange rate specified in the Conditions of sale of 231.10 equals US\$1.00). The reported closing price on 8th October, 1986 of the Common Stock of the Company on the Tokyo Stock Exchange was 396 yen per share. On the same date, the mean of the exchange rate quotations by a leading commercial bank in Tokyo for buying and selling spot dollars by telegraphic transfer against yen was 154.15 yen = U.S.\$1. Pursuant to the terms of the Trust Deed converting Bondholders will receive certificates for shares with respect to a unit of 1,000 shares or its integral multiples, and with respect to any number of shares not comprising a full unit of 1,000 shares they will receive a cash adjustment therefor. Failure to surrender Bonds for conversion on or before 28th November, 1986 will automatically result in redemption at a price of US\$5.150 for each US\$5,000 principal amount of Bonds and payment of Coupons maturing on 30th November, 1986. Such payment will be made on and after Monday, 1st December, 1986.

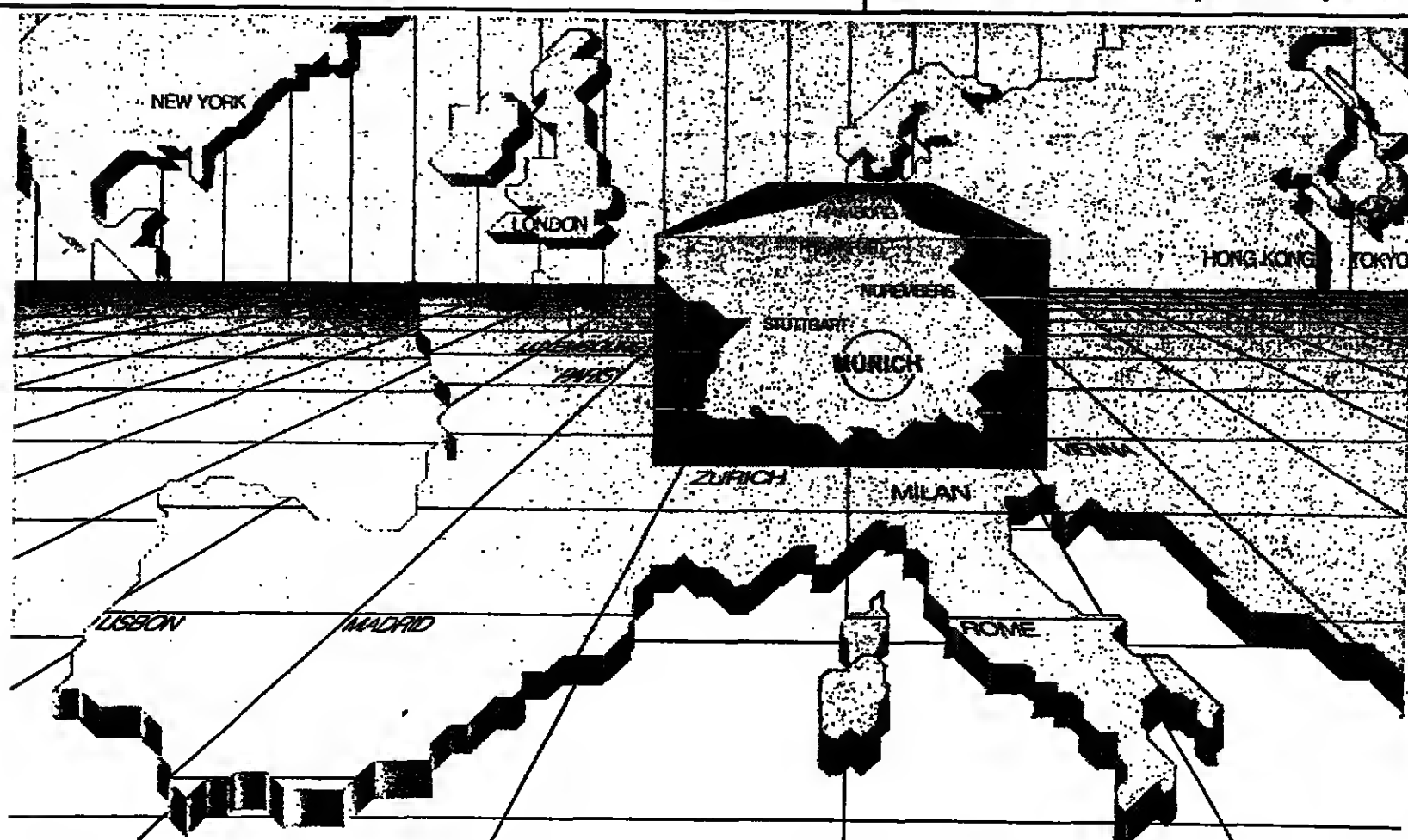
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## CHATHAM MARITIME



UK NEWS

# Renault intent on reviving truck profits

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE NEW management team at Renault Truck Industries (RTI), the UK subsidiary of the state-owned French company Renault Vehicules Industriels, was determined to return it to profit within two years, Mr Hervé Guillaume, RTI's managing director and chairman of RTI, said yesterday.

He said the management team was determined to ensure that the Dunstable-based subsidiary became an integral part of the group's global manufacturing structure.

In a speech during the run-up to the Birmingham Motor Show yesterday he put into context recent comments of Mr Philippe Gras, chairman of the parent company Renault Vehicules Industriels (RVI), who revealed recently that the future of the Dunstable-based subsidiary in which £100m has been invested since 1981, was under review because it was the only RVI subsidiary not heading towards break-even. Mr Gras said that, as an "extreme option" RTI might be closed down.

Mr Guillaume promised that the RTI truck range would be widened to make it more attractive. He said Renault was looking at the possibility of building vehicles for export to other right-hand drive markets such as Australia. Several improve-

ments to RTI's best-selling Dodge trucks will soon be made. The review would also establish the role RTI was to play in the total Renault component supply chain which took in operations in Spain and the Mack Truck Company, the US associate, as well as France.

First steps to speed up RTI's recovery had been taken after the arrival last month of Mr Francis Corvin, formerly in charge of RVI's Belgium subsidiary, as new managing director. Some 80 redundancies have been announced taking the workforce down to 1,300.

Mr Guillaume said further redundancies were likely but he did not have any idea yet of the numbers that might be required. He pointed out that five years ago Renault bought a truck manufacturing company in Britain and had kept it as a UK company - rejecting the idea of replacing familiar British Dodge trucks with Renault vehicles. Across the range of Dunstable-built trucks 82 per cent of the constant was British.

● Rover Group, the state-owned vehicles company, confirmed yesterday that agreement in principle has been reached for the sale of a majority of the shares in JRA, its Australian subsidiary, to a consortium including the JRA management and a group of Australian investors.

## COLT ATTACK ON END-OF-MONTH CAR REGISTRATIONS

# Cut in Nissan quota urged

BY JOHN GRIFFITHS

NISSAN cannot sell all the cars it imports or assembles in Britain and a case could be made for its import quota to be cut by 10 per cent, Mr Peter Beaumont, managing director of Colt Car Company, said at the Motor Show in Birmingham.

Mr Beaumont said it was strange that nearly 3,000 Nissan cars were registered in the last two days of September "when they registered only 8,000 cars in the first 26 days."

Mr Beaumont, in implying that Nissan or its dealers had registered the cars even though they had no end buyers, declared: "A 10 per cent reduction in Nissan's import quota, which in total represents over 50

per cent of total Japanese imports to Britain, would not only help stop the sudden end-of-month registrations of Nissan to achieve good market penetration but also provide other Japanese importers, such as ourselves, with a little more product to meet consumer demand."

Colt, which imports Mitsubishi cars and vans and is partly owned by the Japanese group, could sell many more of both if its own quotas were raised, said Mr Beaumont. Last year, Colt sold about 12,500 cars and 2,500 light commercials in Britain.

It once considered assembly in the UK in order to circumvent the quotas imposed on all Japanese im-

porters by the Anglo-Japanese "gentleman's agreement" which restricts Japanese producers to a maximum 11 per cent of the UK new car market. However, Mitsubishi decided not to go ahead with assembly and there is no prospect of this happening in the foreseeable future, said Mr Beaumont.

The Nissan situation "makes a total, absolute nonsense" of the quota system, he claimed. Colt would have no problem selling the 3,000 extra cars it might get in the event of a reduction in Nissan's quota.

In a speech which is certain to cause anger within Nissan of Japan and Nissan UK, the privately-

owned import company, Mr Beaumont said: "Our friends at Nissan have got to be pushed into looking at this on a moralistic basis. If it's a gentleman's agreement then it should be handled in a gentlemanly way."

Mr Beaumont also criticised as wasteful the manner in which competition for new car sales is being conducted. He disclosed that in the past 12 months the car industry has spent over £500m on advertising, discounting and other promotional efforts.

"That adds up to £300 for every car sold in Britain - and it's the customer who pays. It's about time this industry woke up."

# Germans lavish praise on new Jaguar

BY LESLIE COLT IN BERLIN

INTRODUCING the new Jaguar to Mercedes and BMW country has proved surprisingly painless.

By the time the XJ6 was unveiled at this week's West Berlin auto show, the test-driven German motor press had bestowed its blessings. Now it was up to the great German car-buying public to voice its opinion.

At the Jaguar stand at the Birmingham Motor Show, the company's first new saloon in 18 years proved to be the eye-stopper of the

show. Germans young and old ogled the sleek new Sovereign which mercifully was unmistakably still a Jaguar.

Exclamations of "ah" and "schön" (beautiful) filled the air. "Those lines - elegant" both men and women remarked. This was "Britischer" style at its best, one frequently heard.

But will all this unusual German enthusiasm for a British-made car translate into sales? Jaguar Deutschland's representatives are

confident it will.

West Germany is Jaguar's prime European sales target, taking 3,350 cars last year. That was small compared with the US where more than 20,000 were sold. The German sales soared 40 per cent last year, indicating the Jaguar was finally shedding its previous negative quality image.

A number of the cars exported to Germany, though, were immediately bought and shipped to the US by converters who earned a healthy profit with the then high-flying dol-

lar. Sales in Germany this year are running slightly below last.

Mr Friedrich Kehl of Jaguar Deutschland said the company is aiming to get 3,200 cars registered in West Germany next year including 2,300 XJ6s which cost between DM 68,000 (£24,200) for the basic version and DM 95,000 (£34,000) for the Deimler.


The new model is expected to appreciably boost Jaguar's resale value in West Germany which is well below that of German luxury cars.

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## ERF launches new range of heavy trucks




By John Griffiths

ERF, the Cheshire-based independent heavy truck maker, is to seek a much-expanded presence in the UK market for 16-ton trucks with a new model range displayed at the Birmingham Motor Show.

The E9 range is intended to tap what Mr Peter Foden, ERF chairman, sees as one of the few growth opportunities in the heavy truck market. The range will include from early next year a "drop-frame" model with a chassis height of only 23 inches. Mr Foden said ERF hoped to gain a six per cent share of the 16-ton sector within 18 months.

It is the third largest maker in the heavy truck market with sales of about 10,000 units a year. Until recently, ERF had less than 1 per cent of the sector. "We have had a 16-ton truck before, but never aggressively marketed it," according to sales director Mr Brian Hunt.

ERF is claiming a first for the new truck in that it is the first chassis available with Cummins 'F' turbo-charged diesel units. The company says that it has no detailed forecasts of the potential market for its drop frame chassis.

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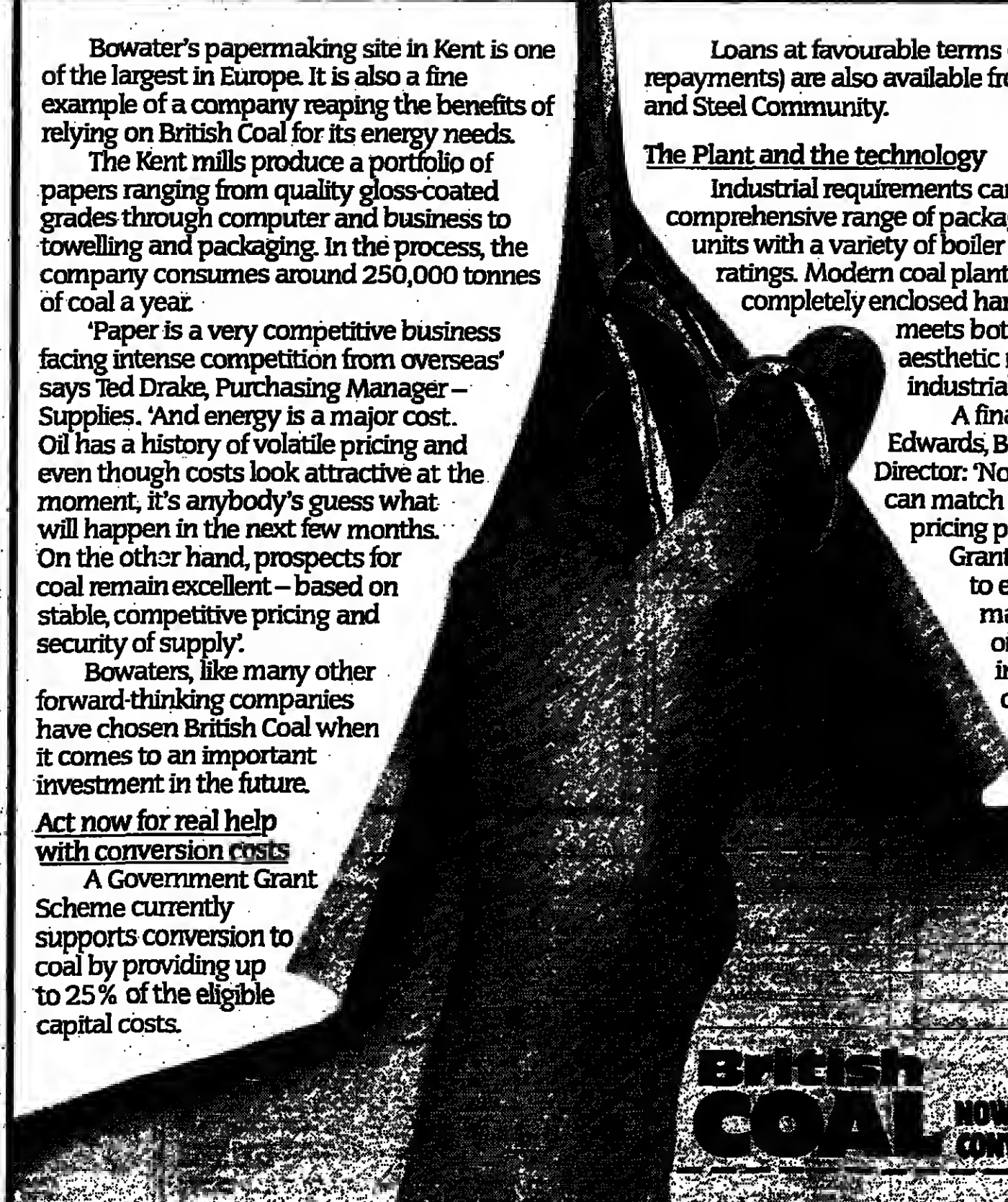
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The Kent mills produce a portfolio of papers ranging from quality gloss-coated grades through computer and business to towelling and packaging. In the process, the company consumes around 250,000 tonnes of coal a year.

"Paper is a very competitive business facing intense competition from overseas" says Ted Drake, Purchasing Manager - Supplies. "And energy is a major cost. Oil has a history of volatile pricing and even though costs look attractive at the moment, it's anybody's guess what will happen in the next few months. On the other hand, prospects for coal remain excellent - based on stable, competitive pricing and security of supply."

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A final word from Malcolm Edwards, British Coal's Commercial Director: "No other source of energy can match British Coal's supply and pricing profile. The Government Grant Scheme, which isn't due to end until mid-1987, can make converting to coal one of the soundest investments your company has ever made. The time to talk is now."

**BRITISH COAL** NOW IS THE TIME TO CONVERT TO BRITISH COAL



# TECHNOLOGY

The launch of IBM's new mini-computers could prove to be the company's most important for two decades. Alan Cane reports.

## Counter-punch from a giant on the ropes

IBM's new small computers, the 9370 family, launched last week, may be its most important machine for over 20 years.

In April 1964, it announced its major mainframe family, System/360, and the data processing world was never the same again. It would be hyperbole to say the same of the advent of the 9370 family but there are acute similarities between the two launches, even if the planned purposes of the two machine families are poles apart.

With System/360, IBM established a computer architecture (machine structure) that still dominates the world of data processing. The largest mainframes in its range, the 3090 family which was codenamed Sierra during development, retain the essential features of System/360 architecture (even if IBM likes to describe it as System/870 architecture, after its 1970s successors).

With the 9370s, IBM has taken that architecture out of the data centre and brought it down to departmental and office level.

The significance of this is at least twofold. First, IBM is making a real and determined effort to ensure that its machine families are compatible, one with another. System/360, when it was launched, was a revelation because it comprised a range of sizes of machines linked by a common operating system (the complex computer program which controls the workings of the machine itself) and therefore able to run the same software.

Since then, the company has developed separate machine ranges for specific purposes—Series 1 minicomputers, System/36 and System/38 small computers and the 4,300 series mid-range machines—all of which separate and frequently incompatible architectures.

With the 9370 family, therefore, IBM is moving to stem the damage it is suffering in the marketplace through the irritation and confusion felt by its customers over its plethora of architectures and incompatible software.

The second point is linked to the first. IBM has the lion's share of the world large computer market, but it has so far failed to make the same kind of impact in the "electronic" office business.

The problem is to be solved in the office is how to link workstations—which by now means



The introduction of IBM's 9370 family comes at a time when the company's fortunes are at a low ebb. Analysts see little hope for an earnings improvement before the second half of next year.

IBM personal computers (PC) or clones—to the company's mainframe computers so making possible local processing on the PC while giving full access to the substantial processing power and file handling capabilities of the mainframe.

IBM's solution had been to suggest its customers link their PCs to a System/36 departmental computer which would in turn be linked to the mainframe.

The customers failed to be impressed, as Stephen Smith of the New York stockbroker PaineWebber pointed out recently: "Users were concerned over the System/36's limited mainstream family of products based on System/370 architecture."

In fact, most customers would like to connect their PCs directly to their mainframes, an approach which is possible but not simple because the two kinds of systems are organised quite differently.

Connecting a wire between a PC and a mainframe is close to childplay, getting anything sensible out of the connection is something else.

While IBM has been battling with its unpopular System/36 based solution, Digital Equipment (DEC) the world's second

### Pressured from all sides

IBM BADLY needs a success. Its problems in dealing with a sluggish North American market have now been compounded by the beginnings of a downturn in its business outside the US.

Figures announced earlier this week indicate that its profits for the third quarter of this year fell by 27 per cent compared with the same period in 1985.

It is under attack on all sides. Plug compatible mainframe manufacturers are offering more powerful

machines than its top-of-the-line 3090 series for less money. "Clone" manufacturers are making inroads into its personal computer business.

And it has so far failed to establish itself as the leader in the automated office, a market that could be worth \$147bn in the US alone by 1988. Last week it announced machines which exploit both its dominant architecture and its technological capabilities which may reverse its fortunes in this critical area.

seen in the 3090 top-end mainframes. There is very dense electronic circuitry in the memory area. IBM has used the 1m bit chips it first used in the top-end machines to make possible a "card" (a board with chips mounted on its surface) with 8m bytes (characters) of storage.

It is also improving the reliability of the machine by using redundancy techniques—extra memory which is only called into play when an error is detected in system memory.

Most significant of all, IBM has brought its much vaunted thermal conduction module (TCM) technology down to departmental computer level for the largest of the 9370 family, the Model 90.

The thermal conduction module, as used in larger machines, is a metal box, water-cooled on the outside, containing a dense concentration of chips mounted on a ceramic substrate.

For the Model 90, IBM has abandoned water cooling and instead blown cold air over the TCM chamber.

Only one TCM is used in the Model 90. It contains 118 logic and memory chips in a package about 10 centimetres square.

has consequently benefited doubly from IBM's two-year-old System/36 strategy.

First, DEC could show a more elegant two-tier approach to office automation for those customers prepared to adopt the total DEC solution. Second, for those IBM customers unhappy with a PC/386/370 solution, DEC could also provide an at least comparable and arguably superior solution: PC/VAX/370.

To create the 9370 solution, IBM has used many of the very advanced technologies already

The cooling ducts are specially shaped to give a total cooling area of about half a square metre.

The smaller models do not use TCM technology and are conventionally air cooled. IBM rates the power of the Model 90 as about equal to that of a 4331 Model 12, a medium-range mainframe.

Comparisons between computers are always fraught with danger but according to Mr Bob Ferrig of Enterprise Information Systems, the new machines will offer processing power costing between \$25,000 and \$78,000 per every million instructions per second (mips, a crude measure of machine power). The DEC VAX range costs between \$25,000 and \$50,000 per mip, so IBM has narrowed the gap appreciably. The IBM 4361 computer, which the 9370 machines effectively render obsolete, offered power at up to \$137,000 a mip.

IBM's own performance figures, based on transactions per second, are more meaningful for an office-based machine. They show that the top-end 9370 is faster than the largest System/36 end on terms with the low end of the 4300 range.

The smallest 9370 computer, the 9377 Model 20, handles 5,000 transactions per hour (tph). The largest, the 9371/90 handles 25,500 transactions per hour.

By comparison, the largest System/36 does only 3,800 tph and the largest System/38 19,000 tph.

A 4331/Model 11 does some 18,500. All measurements were made with the machines on about 70 per cent full loading.

On the face of things, the new machines should assure IBM of the success in the office which has so far eluded it. DEC, however, still has two cards in its hand. First, the 9370 computers, although vastly more price competitive than anything IBM has offered up to now in this range, are still more expensive and less powerful than the equivalent VAXes. Second, the new IBM machines will not be available until the third quarter of 1987 which should give DEC enough time to mount a competitive response.

That said, however, the writer is on the wall: IBM is signalling that System/360 architecture is for everybody. The 3090 on a desktop, predicted earlier this year, seems to make more and more sense.

## Quick route to lower fuel bills

COMPUTER-AIDED thermal analysis of new or existing buildings can be carried out quickly and easily using a new system from Amazon Computers of Milton Keynes, UK (0888 664123). It allows temperature control to be maximised and can cut fuel bills.

The system, called Tas 2, is a building thermal simulator. The user starts with the basic dimensions of the building including its internal walls and partitions. These can be supplied to the machine by placing original drawings on the digitising table and moving the "mouse" (an electronic tracing unit) over the key points. The drawing then appears on a screen and the engineer can decide the zoning of the building according to its use, and therefore the temperature needed. Alternatively

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and ceiling for specific inside and outside temperatures. It can also work out humidity levels.

In its memory the computer therefore has a complete model of the building's thermal characteristics, which will include the desired rate of fresh-air supply. From its memory, it can draw on a number of supplier's components, allowing the engineer to construct on screen a

### WORTH WATCHING

Edited by Geoff Cherrish

suitable heating and/or air-conditioning schematic. Further software then sizes the components accordingly, so that the system will meet the needs of the model.

Although thermal analysis by computer is not new, Amazon believes it has a system that is both easier to use and more sophisticated than anything offered to date. An important aspect of the system is that it allows engineers to try "what if" exercises with great ease, altering materials, temperatures or other aspects of the design to achieve specific objectives. The system costs about £25,000 but can also be leased.

CERAMIC ENGINE component research with a combined value of £2.2m has been initiated by Britain's Department of Trade and Industry in conjunction with an industry grouping called CARE (ceramic applications in reciprocating engines). Funding is to be equally shared between the DTI and industry.

Several broad areas will be tackled. One is concerned with developing materials that can be substituted for conventional metals used in engines. Another will involve development of insulating ceramics that will reduce heat losses from engines (which will increase their efficiency), while a third will look at high temperature materials for turbochargers. More on 01 212 6340.



The drawings can be fed in from the CAD (computer-aided design) system on which the building was designed.

Using graphical menus that come up on the screen beside the drawing, the correct materials for each wall, floor, etc. are entered. The Tas 2 computer, a 32 bit Apollo Domain, then "knows" the volumes of air in each zone. It is also provided with weather information, so that, for any time of the year, it can work out the rate of heat loss through the walls, floor

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**Public Notices**

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION PLC. UNAUDITED INTERIM STATEMENT FOR SHAREHOLDERS

## Company Notices

**City of Helsinki**  
U.S.\$15,000,000 8 3/4% Bonds 1981/86

NOTICE OF FINAL REDEMPTION

S. G. Warburg & Co. Ltd. announce that all outstanding Bonds have been called for redemption on 15th November, 1986 and that interest will cease to accrue on that date.

Bonds are payable at:  
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The following Bonds called for redemption on the dates stated below have not yet been presented for payment—

15th November, 1985											
1	27	31	34	44	153	958	1023	1302	1306		
1316	1476	1492	1520	1601	1604	1607	1611	1614	1620	1622	
1626	1631	1634	1638	1641	1647	1650	1653	1656	1660		
2025	2057	2059	2164	2167	2171	2174	2178	2237	2240		
2306	2329	3001	3005	3011	3013	3017	3020	3025	3029		
3032	3035	3467	3469	3687	3701	3712	3717	3722	3728		
3731	3741	3744	3747	3776	3838	3929	3932	3936	3941		
3944	4655	4702	4720	4814	4820	4825	4844	4846	4871		
4964	5021	5126	5120	5154	5159	5161	1465	2170	5185		
5189	5197	6050	6124	6205	6714	6780	6953	6962	6964		
6981	7043	7046	7049	7053	7099	7103	7106	7606	8726		
8728	8735	8735	8740	8918	8929	9188	9283	9553	9556		
9666	9670	9672	9744	9746	9766	9769	9772	9778	9943		
9950	10088	10093	10227	10971	10974	10977	11066	11071	11074		
11078	11083	11086	11089	11095	11097	12157	12161	12164	12610		
13055	13058	13081	13085	13452	13455	13459	14697	14701	14706		
14109	14113	14131	14442	14450	14453	14500	14502	14566	14569		
14745											
15th November, 1984											
4462	5600	6204	6551	7643	8304	8912	9738	9770	13079		
15th November, 1983											
647	3501	4703	4853	5825	5868	8910	9948	13083			
15th November, 1982											
4463	4793	14116	14452								
4	4626	4805	4822	4836	5196	5869	6119	7577	12652		
13080	13084	14353									

No further payment will be made on these Bonds or Coupons therefrom.

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As provided in the Terms and Conditions Redemption Group No. 3, amounting to Dfls. 15,000,000.—, has been drawn for redemption on November 15, 1986 and includes the Note which bears consecutive number 3 and all Notes bearing a consecutive number which is 4, or a multiple of 4, higher than 3. The notes are payable as from

November 17, 1986

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October 15, 1986.

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MINERALS AND RESOURCES CORPORATION LIMITED  
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 11th annual general meeting of shareholders of Minerals and Resources Corporation Limited will be held at 10.15 on 12 November, 1986, at the following business:

- To consider the financial statements and the reports of the directors and auditors for the year to June 30, 1986.
- To elect directors.
- To consider and, if deemed fit, to pass with or without modification, the following resolution: That the dividend in each of the years 1985 and 1986 be increased from US\$27,500 per annum to US\$10,000 per annum and that, in addition, the attendance fee of US\$200 for each board meeting attended be increased to US\$1,000, both such increases to take effect from July 1, 1986.
- To resolve that the reasons for proposing the above resolution are given in the report of the directors.
- To reappoint Deloitte Haskin & Sells as auditors and to fix their remuneration.

A shareholder entitled to attend and vote at the meeting is entitled to appoint another person to attend and vote in his stead in person or by proxy or to vote at any general meeting of Minerals and Resources Corporation Limited by depositing with the company a duly executed power of attorney or other authority in writing which is valid for the purposes of the Companies Act, 1981, and which is signed by the shareholder.

By order of the board of directors:  
D. E. FISHER, Vice-President, Secretary and Treasurer  
October 14, 1986

NOTES: Holders of shares warrants to bearer may obtain a copy of the annual report and accounts upon application to the UK transfer agent, Hill Samuel Roberts, 6 Grosvenor Place, London SW1P 1PL.

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THE ARTS

Largo Desolato/Bristol Old Vic

Michael Coveney

When Kenneth Tynan wrote his New Yorker profile of Row Stoppard in 1977 eyebrows were raised at his yanking together of Stoppard, the Czech emigré beneficiary of free theatrical enterprise, with Vaclav Havel, the main Czech playwright whose work has been banned in his own country since 1980.



John McEnery

version of Havel's Largo Desolato brings all the comparisons into a bright light of exposition; we have there a direct portrait of the beleaguered artist, a man called Leopold Nettles, who would be "fill than well, like this," and who leaves, quite justifiably, at every buzz on the front doorbell, like a frightened rabbit.

The Hostage/Tricycle, Kilburn

Martin Hoyle

Twenty-six years ago the line-up of fantasists and farans, idealists and oddities, joining the risen corpse of the murdered young soldier in that Dublin rooming-cum-bawdy house to belt out "The balls of hell" in a rollicking, raucous, resilient V-sign—just to die to the stipulidities and inconsistencies of life—was funny, moving and exhilarating; a reaffirmation of human warmth winning through.

gaiters. Too much reverence and too little spontaneity make the opening scenes creek like a carefully scripted TV comedy show, replete with malapropisms, whimsy that lacks the requisite lightness of speed, and pauses for laughs that never come (Kilburn Irish, where are you when we need you?).

Sigue Sigue Sputnik/Albert Hall

Antony Thornecroft

Sigue Sigue Sputnik, having contributed its tiny "bleep" to pop history, crashed into the earth with a dull thud at the Albert Hall on Monday night. You can respect the thinking of bass player Tony James who created Sigue Sigue — that success in this business was nine parts image and publicity and one part talent. So he selected some likely-looking lads, trained them to play, and persuaded EMI to embark on a mammoth promotional campaign. Sigue Sigue must be the best known current non-band in the world, and, dying as they lived, played their first major concert at the Albert Hall.

For five minutes it was an awesome sight. The seats had been cleared from the stalls to create prom conditions and a hundred or so Sigue Sigue were doing their best to create a club atmosphere by pogoing around and exchanging demagogic remarks. The seats were fully filled.

attached to turn it all to practical effect. Claude Whatham's production correctly viewed the play as a situation comedy with night mare overtones and Jan Blake's ambiguous design of real and painted bookshelves establishes the central uneasy liaison between marginal English philo-sophical comedy and central European philosophical reality. We have a single set because to go anywhere else is not only impractical but in real terms impossible.

"The captains and the kings." The meeting here between the English prisoner and the convent-freak housemaid is potentially touching in the hands of actors who look even younger than the characters supposed to be. In fact 17, Catherine Cusack, who earned her place to make her professional debut, and keeps the family honour intact. David John's baby-faced hostage is a perfect foil; he must beware of babbling out the general public, then so far it has probably served its purpose fairly well. Passionately dedicated members of any party—those who cannot see straight—will always sense hostility in a broad-casting output such as the BBC's.

The stripping away of the layers of veneer acquired in the years of South and Barbican, and because it tacitly argued the most attractive feature of these fresh, unprejudiced, interpretations. By purging the scores of their extraneous and needless argument runs, Elgar's relationship with his European syncretic precursors and contemporaries — Schumann, Brahms, Mahler, Strauss — is understood. It most certainly is not. At such moments the usually suffocating reverence of the Elgar heritage seemed sorely needed.

Still stuck with New Faces and old tricks

Television/Christopher Dunkley

There are two schools of thought on the question of television talent shows such as New Faces which has recently returned to ITV. On one side are those who argue that light entertainment producers have an appalling tendency to go on using the same old faces and that to bring on talent which might otherwise never get a chance. On the other side are those who say that only a tiny proportion of people appearing on talent shows really have what it takes, and that they would make it to the top with or without such shows.



Dr Pamela Tudor-Craig, with props, in The Secret Life of Paintings

Though agreeing that light entertainment has been in a rut for 30 years, I count myself among the second group, and find it interesting that despite the long history of Hughie Green's Opportunity Knocks (1956 to 1977) that series produced only one universally recognised success: Les Dawson. If they were honest the producers of talent contests would admit that their primary purpose is not to discover hidden genius, but to provide a weekly variety show.

likely to start losing friends. Those of us who distrust all varieties of party dogma have little difficulty when faced with the BBC and the Conservative Party in deciding where the misrepresentation is currently coming from.

The Secret Life Of Paintings suffers from the clockwork cornfield syndrome. This nasty complaint takes its name from J. K. Galbraith's 1976 series The Age Of Uncertainty which, although impressive in many ways, was scarred by the inability of the producers to stop playing with the technology. In one memorable episode they created in the studio a patch of mechanical corn designed to fall at the approach of an actor pretending to cut it with a scythe. The idea being illustrated is completely ludicrous. In the course, but the clockwork cornfield sticks vividly in the mind. I suspect that even at the time most viewers missed the point of their fascination at watching the trick.

The same applies to The Secret Life of Paintings on BBC2. The makers use so many attention-grabbing ploys that there is no time to consider the content. For a start the presenter, Pamela Tudor-Craig, is dressed up as an Edwardian cyclist. She pops up on odd locations — at the seaside this week, collecting pebbles to build a model dolmen (for the life of me I cannot remember why) — and appears with a series of absurdly melodramatic props, such as a machine gun.

Irrelevant news footage are spliced in—smugly rather than look at the picture as the artist intended.

Regular readers of this column will know of its doubts about how "different" Channel 4's programmes really are. A mid-evening schedule such as Mooday's with soap opera followed by situation comedy followed by American import is not strikingly original. Yet it is noticeable that while other channels become increasingly constrained in their documentary and current affairs policy—with series almost always reserved to one-off programmes (BBC's 40 Minutes being one honourable exception)—Channel 4 manages to accommodate some admirably oddball offerings.

The ever-interesting Diverse Reports actually sets out to promote individually opinionated reporting of, course, and although Elaine Lipworth's counter to the Milton Keynes "red balloon" promotion campaign last week was less idiosyncratic than some Diverse items, it was still the sort of material which you would be surprised to find on any of the other three channels.

Living With Schizophrenia seemed superficially more conventional, but actually took an almost revolutionary attitude towards its subject. It treated schizophrenics not as nettled mobs to be pitied, then pinned and studied under a microscope, but as expressive people experiencing a peculiar mental condition which some seemed almost proud about. And Sunday night's Fish Out Of Water was a programme unlike any I have ever seen. It was, I suppose, "investigative journalism" but instead of quick-cutting pictures of numerical tables with a rasping voice-over comparing leukaemia levels in Purley and Salford or whatever this programme allowed Jimmy Reid to ramble around the Highlands and Lowlands revealing a horrific story about an almost medieval feral power being wielded today by Scottish land owners. After praising Reid's one-offs it is perhaps paradoxical to suggest it but given Reid's easy camera manner and his "man-of-the-people" antics, there is surely a splendid series to be developed with him.

Sinopoli's Elgar/Festival Hall

Andrew Clements

When non-native conductors are taken to the bosom of the British musical establishment they seem impelled to prove their worth by tackling the Elgar symphonies. The tradition stems from Hans Richter; in recent times Barshbol, Previn, Solli and Haitink, to name a few, have maintained it. The latest is Giuseppe Sinopoli; after previous forays into the Enigma Variations and the Cello Concerto he conducted the Festival Hall with the Philharmonia on Monday.

The Philharmonia's familiarity with the music null expression. Thereafter he seemed to feel the need to impose himself upon the score. The scherzo was jagged, brutally cut; the trio was given no chance at all to breathe naturally and though he treated the Adagio as a close cousin to a Mahler slow movement, the scherzo was cut out of the string lines, he contrived to lose its moments of magic—the transition from the scherzo, the muted horn notes in the closing bars.

Weber Bicentenary/Elizabeth Hall

David Murray

The "Age of Enlightenment" orchestra has the wrong name for Carl Maria von Weber's period, and on Monday they were celebrating his bicentenary two months too soon. Lovable and important though he is, Weber is anyway difficult to celebrate, except by just putting on a good Weber concert. The orchestra was better than the terms of the fatal Covent Garden commission), the symphonies are early pieces, the concertos and sonatas only fitfully interesting, the overtures so familiar that we don't really hear them.

Undiscouraged by such thoughts, Roger Norrington and his long Weber concert as hating, fresh and delightful as any period-exercise in years. The recently-formed orchestra played well, though some of the instrument players (some of them better known in modern music); Norrington has a great gift for cross-centuries empathy, especially with composers like Weber and Schütz who prized dramatic directness as well as craftsmanship; and there were three brilliant soloists to make the most of Weber's relish for virtuosos fun-and-games. The whole concert should be repeated quickly with the full hall it deserves.

In the first Clarinet Concerto there were comparable marvels from Antony Pay's period-style instrument, though his aggressive address strikes me (as it does in Spohr, too) as a degree too unrelaxed and un-winsome for such cheerful stuff. Norrington brought the early Second Symphony (Weber was 20) up to date as masterfully as the Minuet, about which John Warwick's loyal programme-note was apologetic; properly restrained, it is still breathtaking. And there was Elizabeth Connell to attach appropriate arias to the two opera-arias, in magnificent form: maybe the Freischütz "Laila, laila" is not infrequently well sung, as here, but the Oberon "Ocean, thou mighty monster" is a fearful challenge (often discreetly abridged), and Miss Connell triumphed in it.

Soho Jazz Festival

Kevin Henriques

Soho's first official large-scale jazz festival appears, after its opening days, to be generating a quiet but positive interest among the habitués and tourists who pour in daily to this district of London, long associated with musicians and entertainment, and indeed jazz.

There was little evidence of close attention the following evening at The Old Coffee House. Back to the restrained but quality playing of organist Mike Carr with guitarist Doug Winton. For the purposes of the intimate surroundings, Carr used a small Yamaha instrument from which he extracted a wide range of tonal colours. Meanwhile, there was vastly more animation, even reckless abandon, in the 190 Club, Oxford St. (geographically, a yard or so outside Soho). There the Sound of 17, a crisp, punchy outfit was playing standard arrangements of popular band numbers to the delight of a young vigorous dancing audience whose boundless enthusiasm turned the famed basement premises into a sweaty inferno.

Arts Guide

Monday/Tuesday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday.

October 10-16

Theatre

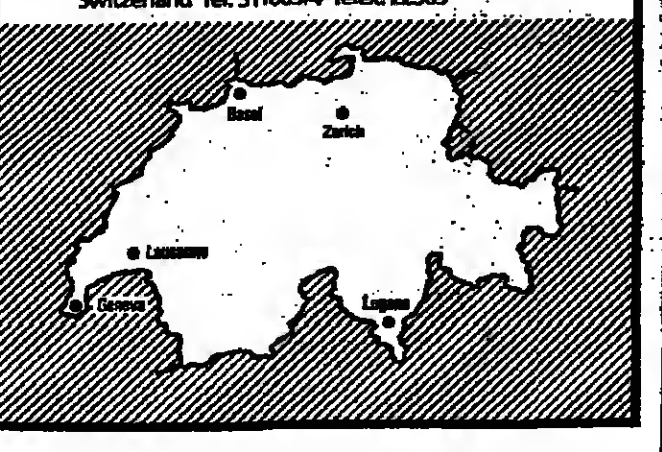
LONDON

La Cava Aux Folles (Follies): George Hearn a welcome star alongside Dennis Quillley in the transverse flute. West End are all needed, all the time, Jerry Herman scores. The show has not received well from Broadway. (429 7000) (CJ 704 800)

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's exhilaratingly fast-paced musical is a movie magic, an exciting first half and a dazzling reliance on indiscriminate razzing around. Dismissed as a show, West End are all needed, all the time, Jerry Herman scores. The show has not received well from Broadway. (429 7000) (CJ 704 800)

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£1m Constable for auction at Christie's. Christie's is to sell the most important painting by Constable to reach the market in the past 30 years on November 21. It is of Flatford Lock and Mill and was painted in 1811 and exhibited at the Royal Academy the next year. There are many sketches of the same scene but this is the only completed picture and bids above £1m are expected.



Wednesday October 15 1986

Seven years is too long

PRESIDENT Mitterrand of France said on Monday that he does not want to run for a second term when his mandate expires in 1988...

On the other hand, Mr Mitterrand also said that he might change his mind and stand again after all.

The subject that he did not address directly was whether a seven-year term is altogether too long for anybody.

Clashes possible Moreover, the Fifth Republic came of age long ago. France today is no more inherently unstable than Britain or West Germany.

The burden of dear money

AS THE COST of money in the UK rises yet again, the important question is not whether the Treasury's market tactics are good or bad but why Britain needs to have much higher real interest rates than almost all other industrialised economies.

International comparisons underline the extent to which the UK is the odd man out. Short-term interest rates are under 5 per cent in West Germany and Japan, and under 6 per cent in the US.

Monetary policy The second worry is that the UK economy is in poor shape when it is the pressures of the oil price rise.

Wage behaviour The UK's problems cannot mainly reflect its failure so far to become a full member of the European Monetary System.

IT PROVIDES a glimpse of Mrs Thatcher's brave new world.

Entrepreneurs and venture capitalists come by the bucketful; the trade unions are crippled; wages are so flexible that for many workers they vary by the day.

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At first glance, it looks an attractive proposition. Research the surface, however, the decline of traditional industries carries inauspicious implications for future economic growth and income levels.

California has a long-standing reputation as one of the most dynamic and innovative societies in the industrialised world.

In Los Angeles or San Francisco, it is virtually impossible to attend a social function without bumping into someone who has just set up in business as a financial or management consultant, an interior designer or restaurateur.

Over the ten years to 1985, the services sector is estimated to have created some 2.3m new jobs out of a total increase in employment of just over 3m.

Expansion fed itself with car companies and other consumer product manufacturers moving in to take advantage of the large urban markets which developed in the 1940s and 1950s.

The rapid growth in population and personal incomes generated by industry in turn acted as a magnet for the services sector, which also created millions of new jobs.

In the latest phase of the state's economic development, defence has again played a key role, with California by far the largest beneficiary of President Reagan's military build-up.

In 1985, service industries

CALIFORNIA'S ECONOMY



Uneasy realities behind a post-industrial dream

By Philip Stephens

There are other major factors: \$10bn a year in agricultural incomes, nearly \$50bn worth of prime defence contracts and the state's position on the edge of the Pacific Rim, which has made it the conduit for much of the US's vastly-expanded trade with countries like Japan, South Korea and Taiwan.

For all this, California is less than a perfect model for those who argue that advanced economies can and must welcome a transition from manufacturing to services.

The transition in California to the post-industrial society risks being not the recipe for greater prosperity and opportunity, but instead lower productivity, a slower pace of income growth and greater disparities in the distribution of wealth.

The crumbling of the state's car, steel, tyre and other basic industries has been chronicled graphically by Mr Philip Shapira of the University of California at Berkeley.

The scale and speed of their collapse is startling. In 1978 California plants produced 88 out of every 100 cars sold in the state.

The deep recession of 1981-83 saw the destruction of the state's steel industry with major closures by Kaiser, Bethlehem and US Steel.

The common thread through all the closures was that the industries affected were capital-intensive, high productivity businesses which had been the driving force behind California's income gains in the decades following the Second World War.

As Mr Shapira points out, many of the closures were in communities that had long served as models of the American Dream: the jobs lost were the anchor for the home ownership, employment security and high standards of living for blue-collar workers at the heart of that concept.

To a considerable extent these activities have been replaced by labour-intensive, low productivity industries generating far less value-added.

The influx of immigrants has contributed to keeping California's unemployment rate, currently hovering around 7.3 per cent, slightly above the US

national average of 7 per cent. Wages could hardly be more flexible. The federal statutory minimum wage of \$3.50 per hour (last increased in 1981) is frequently ignored.

One ironical result is that California can compete with countries like Hong Kong and Taiwan in the low-tech textile industry, while it has surrendered markets for capital-intensive cars and steel to Japan and South Korea.

The number of jobs in the clothing industry, for example, has risen by 10 per cent since the trough of the recession in 1982.

In aggregate terms the jobs lost in the old industries have been more than replaced by new employment in high-tech industries and in services.

Over 40 per cent of manufacturing workers who lost their jobs in the industrial shake-up between 1979 and 1984 were still without work at the end of that period.

Perhaps more important, there are major qualitative differences between the jobs lost and gained.

In the services sector, for example, wages are on average between 40 per cent and 50 per cent below those in

the state's basic manufacturing sector. Productivity across the services sector is similarly depressed, relative to manufacturing, placing a constraint on the state's ability to generate the income gains which were once the engine of its economic growth.

Studies by Mr Michael Tiesi of Berkeley, for example, show that the proportion of the state's overall output generated by service industries is significantly below the sector's share of total employment.

In contrast, the rate of growth of output in traditional manufacturing industries was considerably faster than the pace of increase in employment in those industries.

It is true that the rapid advance of computing communications and information technology has been associated with strong productivity. These industries, however, have been neither stable nor large enough to fill the gap left by the decline of traditional industries.

The recent shake-outs in both semiconductor and personal computers have also encouraged the trend among high-tech companies to push production offshore to high-wage nations.

One of the results of these trends is a polarisation of income and opportunity.

It is no coincidence that while total personal income in the state has continued to grow strongly, the proportion of the population below the official poverty line has been rising.

California is ranked about fifth among US states in terms of per capita income, California now has a poverty rate close to the national average of 14 per cent.

It is not, however, only the very poor who have suffered from the shift to a lower-wage economy. As in the rest of the US, the rapid decline of basic industries over the last six years has brought a drop in the real incomes of blue-collar workers.

The benefits of growth have been enjoyed most by the entrepreneurs who own and run the small proportion of the population with large property and financial assets.

That has contributed to a stagnation of family income growth, putting home ownership out of reach for the typical blue-collar young married couple unless both partners are at work.

California has also become progressively poorer relative to the rest of the US. In 1980 its per capita income was 123 per cent of the US average. By 1984 that figure had fallen to 118 per cent and by 1985 to 113 per cent.

Some of these developments are inevitable in any maturing economy. The hectic pace of growth, however, was never likely to be sustainable over the long term.

And California's vast natural and entrepreneurial resources mean that it is likely to remain one of the richest regions in the industrialised world.

Anyone spending any time there, however, cannot help but feel that a great deal of that wealth was built on the success of the industries which have now gone into decline. Could it be that in 10 years time Californians will be mourning the shift to a post-industrial society at the end of the American Dream?

Gunn chooses tested team

The history of John Gunn's rise in the four-strong team that he has brought on to the British & Commonwealth Shipping board.

All four men have played a key role in B & C's recent expansion under Gunn, but they can also trace their contacts with Gunn back to his earlier days at Exco International, the money broking group he founded, and quit abruptly just over a year ago.

Julian Lee, 41, who heads Kaines Corporation, a commodity trading group, is an accountant who advised Gunn in the early 1970s when he was at Arley and Pearce, the money broker which Gunn turned into Exco.

Lee is a former senior executive of Phillips Swarthmore of Salomon, the US commodities and investment banking group. Coincidentally, he quit Phillips on the same day Gunn left Exco.

Peter Goldie, 38, currently chief executive of Abaco Investments, the financial services group, is a former executive with merchant bankers Guinness



Men and Matters

Mahon. He worked with Gunn on the financing of the purchase of a large stake in Telerate, the US business information group, by Exco in 1981.

"Quite honestly, how Ceil Parkinson managed to get up to anything at all I don't know."

Charles Cary-Elwes, 46, the oldest of the team, was a member of Gunn's inner cabinet at Exco. An accountant by training, he was a corporate finance executive at stockbrokers Greaveson Grant before joining Exco.

Reporting how a local journalist in Plymouth tried to get comments from Alan Clark MP for Plymouth Sutton, on 7,000 redundancies announced for the town's Devonport dockyard, the IPCS says the reporter tried Clark in vain, at his office at the Department of Trade and Industry, where he is a junior minister, and then at his Kent home, near Hythe, Saltwood Castle.

According to the union's account of the Western Morning News reporter's story, an angry note, which turned out to be that of Mrs Jane Clark, the minister's wife, said in reply to the journalist's question: "Do you really seriously think a Government minister will be sitting at home on his backside on Thursday? In fact he is in Brussels and as soon as he gets back he is going to Finland."

"He doesn't have a free weekend until after Christmas because he is shrouded on business. I simply get fed up of people thinking he sits down here."

"... and if your business moves North, you can trade it in for a five bedroom house"

Zealand had refused its ports to US naval ships.

Zealand had refused its ports to US naval ships. The New Zealand government is expected to give its assessment of political and strategic developments, and advice on business and economic conditions in the 47 countries where the bank operates.

Computer model Since bringing off the biggest take-over in the US computer industry earlier this year, Michael Blumenthal, chairman of Burroughs, has talked making the link-up with Sperry into a model merger.

In Europe, at least, this emphasis on smooth integration is demonstrated in the prominence given to Sperry executives in the new and, as yet, unnamed joint corporation. Five of the European vice-presidents and general managers come from Sperry and only three from Burroughs.

To some extent, the appointments reflect the size of the constituent companies in the markets concerned. In the UK, for example, John Perry, 46, former managing director of the local Burroughs company, has emerged as general manager of the new combined group.

Perry had another advantage. From 1981-83, he worked closely with Blumenthal as vice-president of strategic planning, and then took two further jobs as Burroughs' headquarters in Detroit.

Those three years, Perry admits, gave him a certain visibility. But he adds: "Being in headquarters also means that you have to spend a awful lot of time justifying your plans."

Follow the flag Most of the parts in the AC Ace sports car, developed by two British companies, AC Cars and Autokraft and unveiled at the Birmingham Motor Show yesterday, are made in Europe.

But the Union Jack badge on the rear of the car is made in ... Korea.

AC says it got the badges from its Surrey neighbour, Panther Cars, which is now owned by Korean, Young Chul Kim.

Observer

A CONFLICT OF INTERESTS?

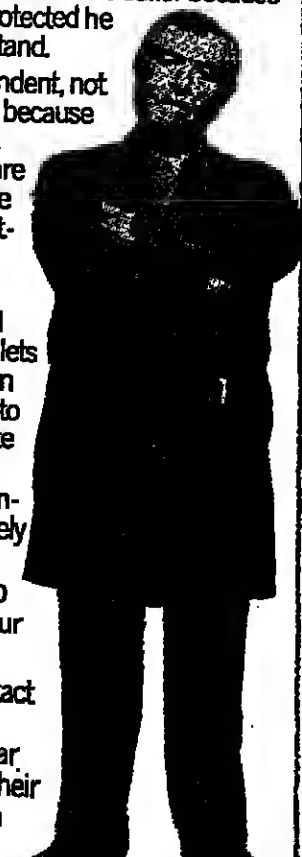
Ty telling him that. He's probably never heard of a pension fund manager, but he knows that someone looks after his monthly contributions. If he had to suffer because his interests hadn't been fully protected he just might find it hard to understand.

Geoffrey Morley are independent, not for independence sake, and not because we wish to adopt a higher moral tone than our competitors. We are independent because we believe it allows us to make better investment decisions, and thereby achieve higher performance.

It keeps us free to buy or sell whenever we consider it right. It lets us seek out whatever information we want and from wherever it is to be found. It means we underwrite only when we genuinely want to back a company. We are independently owned and dedicated solely to managing pension funds, so you may also find it reassuring to know that the fees we earn are our only income.

For further information contact Brian Shearing on 01-242 1441. Remember us next time you hear someone explaining the role of their compliance officer; it could be in your best interests.

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ABERDEEN

Cracks in the granite facade

"WHAT's happening here is like a hard winter. The weaker and less fortunate businesses go to the wall, but the industry as a whole should re-emerge stronger."

That is the view of Mr Michael Park, chief of Aberdeen's leading solicitors, on the difficulties facing the city which prides itself on being the oil capital of Britain.

Nine months after the collapse in the oil price, Aberdeen is no longer a boom town. But Aberdonians seem to have recovered from a period of near despair earlier this year, and are now insisting that everything is more or less OK. They bristle at the use of the word recession. The question is: are they right? Will the upturn which they all consistently predict actually arrive?

For the past ten years, Aberdeen has enjoyed a rate of expansion unmatched by any other major city in Britain. As the exploitation of the oilfields of the northern North Sea roared ahead, what had previously been a tranquil provincial capital, earning its living from the fishing industry and its rich agricultural hinterland, suddenly became a thriving centre for the oil industry.

The population rose by 60,000 to about 250,000. The city was redeveloped, the harbour improved, and new hotels sprang up which display the time in Houston, Texas, as well as the local time above their reception desks. About 10,000 American oil men came to live in or around the city. Aberdeen was where vigorous young men from all over Britain went to get work on oil platforms.

Yet the comparisons with other oil boom towns like Abu Dhabi or Doha were always grossly overstated. The population increase was not remotely on a scale to outweigh the predominance of native Aberdonians. Office blocks and new houses went up, but all were in the style of the 1950s. The city's economic life was not the same as in other oil boom towns.

With such a solid facade confronting you, you have to look hard for glaring signs of a downturn today. Yet Aberdeen is this year suffering a drop of at least 10 per cent in its principal business—oil sector activity—compared with reasonably steady growth in the past.

The oil companies, their cash flow pinched by the collapse of crude prices, reacted immediately by cutting exploration work. Spending on exploration in the North Sea this year is expected

to be only 60 per cent of its 1985 level of £1.5bn. About half a dozen drilling rigs lie idle on the beach at Aberdeen, and another dozen are parked elsewhere along the coast of Scotland.

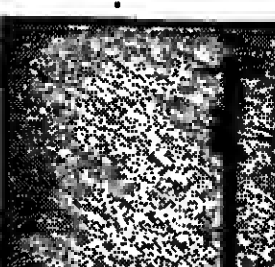
They then postponed or scaled down projects to develop new fields. Capital expenditure (including exploration) in the whole North Sea is expected to fall 50 per cent this year from the £2.8bn spent in 1985.

The consequences for people and businesses making oilfield equipment are dire; but they are only slightly less serious for those who service the oilfields—Aberdeen's speciality. Fortunately about half of Aberdeen's activity is connected with oil production rather than exploration or development, and oil prices have not fallen so low as to make production from existing fields uneconomic. Indeed it is running at peak levels of around 2.5m barrels per day.

Aberdeen's harbour looks crowded and the tonnage handled in the first eight months of this year is about the same as last year—but a good number of the supraliners and cargo ships are actually coming to Aberdeen, according to Mr John Turner, chief executive of the harbour board. The bars around the harbour where the restaurants used to congregate are half empty. Companies which provide divers are short of work, helicopter traffic from the airport is down, and oilfield workers are actually leaving the city.

There have been no spectacular company failures yet but the flow through the airport of accountants on corporate first aid missions tells its own story. As Mr Bruce Partillo, chief executive of the Bank of Scotland in Edinburgh, points out: "People who run companies that have had ten good years find it hard to get job satisfaction out of scaling down their operations."

In other words, they are acutely vulnerable. The oil companies have not yet made drastic cuts in their staffing at Aberdeen, though BP is moving 300 employees and other firms are likely to do so. All this has its effects for the Aberdeen area. Grampian Regional Council calculates that the number of oil-related jobs has fallen by 3,000 to 47,000 in the past year and thinks more could go, although unemployment in Aberdeen is far below



A mix of hope and despair of employing a Briton. Several hundred have now gone.

The American School in Aberdeen has in the last few months seen the number of secondary pupils fall by about 25 from 150. It was lucky to replace most of them with children of US Navy families based in from a communications base in Angus. The departing Americans took their spending power with them. Butcher's shops and pushovers of the Texan families' gargantuan appetites, and laundries and the housewives who pushed the entire family's washing across the counter each a week. But antique shops have profited as Americans have stocked up with furniture to ship back to the US.

For many Aberdonians, the most painful effect of the downturn has been the fall in property values. Until a year or two ago, prices of houses in the Aberdeen area were rising by up to 15 per cent a year. In the past year they have declined by an average of 8 per cent, and people making forced sales have had to accept disastrously low prices. Whereas in Aberdeen it used to take just a few days to sell a house, it now takes several months.

There are personal tragedies happening or in the making. In the case of one couple, the wife has been laid off in the rest of Britain, says an experienced observer of the scene who lives in the smart dormitory town of Banchory, outside Aberdeen. Some of the couples have been laid off in the building society to repossess their house.

As for commercial property, if rents are being maintained at their previous levels, it is only used to take just a few days to sell a house, it now takes several months. There are personal tragedies happening or in the making. In the case of one couple, the wife has been laid off in the rest of Britain, says an experienced observer of the scene who lives in the smart dormitory town of Banchory, outside Aberdeen. Some of the couples have been laid off in the building society to repossess their house.

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the national average at 8.4 per cent. Aberdeen taxis now have to wait a long time for the ranks before they get a fare, and restaurants, some of which would not look out of place in Mayfair, are lowering their prices.

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about the future," says Mr Derek Maranchi, chief executive of the Chamber of Commerce who is one of many people in Aberdeen who insists that the gloom about the city's prospects is overdone. "People seem to forget that the oil is still there and that there are dozens of oil fields still to be developed. Up till now very few people had experienced the cyclical nature of the economy. It had always been going up."

But when will the upturn arrive? Eyes in Aberdeen scan the newspapers anxiously for news of the Opec oil ministers in the hope that they can cut production further and push prices up again. Grampian Regional Council, after talking to the oil companies, is doing its physical planning on the basis of the crude price returning to \$20 a barrel by the end of the 1980s and staying at about that level in real terms for the rest of the century.

At the level of \$20 per barrel could make it economic to develop and bring into production about a dozen discovered oilfields which at present prices would not be viable. At \$15 per barrel only a handful of fields are worth developing and in the current uncertainty only two—Shell's Tern and Elder Fields—are being drilled.

But even when prices rise again, as almost everyone in Aberdeen believes they will, oil companies will have to be convinced that they will stay at favourable levels for a reasonable period before they make major development commitments.

In the meantime, the immediate outlook for Aberdeen is not good. Many oil analysts believe there will be even less exploration activity next year than there has been this year. The pressure on the oilfield supply industry will mount and could well lead to mergers or worse, as well as to further job losses.

Even when development resumes, it may not be in the same confident, flamboyant manner of the past, where speed was more important than cost-efficiency. "I only hope the accountants don't keep their grippers on the offshore industry," says one Aberdeen oilman who has followed the oil industry from the start. "But I fear they will, and I seriously wonder whether things will ever be quite the same in Aberdeen."

James Buxton Scottish Correspondent

UK public inquiries

A case of too much economics

By Alfred Goldstein

Last month's Green Paper on the Future of Development Plans was a welcome indication of the Government's intention to improve the planning process; efficiency and less delay are the aims. The same aims for highway planning would also be worthwhile, and a review of the apparently interminable public inquiries would be appropriate. An examination of the way in which economic arguments are pursued at these inquiries would be a good start.

Using complex cost-benefit (C/B) calculations, the Department of Transport endeavours to show at inquiries that its particular road it proposes is economically justified—i.e., the money value of the future stream of benefits, discounted to present day, exceeds the future stream of building and maintenance costs. I refer to this process as absolute economic justification.

That the methods of such calculations, and the data used, are not without controversy can be understood readily. For example, the calculated money value of non-working time and accident services (and injury) are and must be indirectly derived. Enormous amounts of time and resources are spent at public inquiries in examining in exhaustive detail all aspects of such calculations. It must be expected that this will continue.

Non-affected laymen are not usually permitted to question the calculations. Objectors understandably refuse to be persuaded. Government expenditure on transport—especially on highways—is unusual in the employment of elaborate C/B calculations to justify economic viability. Such calculations are not deployed to justify other main public expenditure streams—education, health, defence for example—nor can they be. It may, therefore, be inferred that absolute economic justification can have only a small role in the annual bargaining between spending department and the Treasury for shares of taxpayers' funds.

The annual budget allocation process results in a specific sum for highways. Whatever the nature of the bargaining process, that sum—say £1—is committed, and soon has the authority of Parliament ("no supply without redress of griev-

ances"). On *prima facie* grounds it may, therefore, be asked why absolute economic justification is called for at public inquiries. If each scheme in a year is so justified and the cost of all schemes aggregates to £1, the result is an absolute economic justification of a sum the expenditure of which had already been authorised by Parliament, usually years before! A curious inversion of affairs!

I suggest that a demonstration of absolute economic justification using C/B analysis is unnecessary in principle and probably counter-productive in practice. Instead, it would be beneficial and logical for the economic justification advanced at public inquiries to relate to the selection of the particular road ("relative" economic justification). This is not intended to deny the general value of C/B analysis. There are in any event other reasons for, and against, a new road. The absence here of such considerations should not be taken as implying that they are less important.

Would it not be more consistent, more satisfactory and certainly less resource-consuming if the department's procedure at public inquiries were to be modified? The department having authority to spend £1, would be on notice to show how the scheme it has selected fits, in economic terms, into the range of schemes it has selected for public expenditure. The department would need to show that the scheme belonged to the group of economically most advantageous schemes. Notwithstanding the approximate nature of C/B calculations, they form a sound basis for identifying the economically preferred group of schemes, except perhaps in one or two marginal cases.

If the department were to modify its claim to absolute economic justification of schemes at public inquiries, C/B calculations would be carried out broadly as they are now, but, *inter alia*, serve to identify the economically preferred schemes to be selected for the roads programme. The appraisal of these schemes could be made generally available, perhaps at an earlier stage than

now. The valuation difficulties and uncertainties could be freely admitted. For public inquiries, the results of C/B calculations would be treated more as an index rather than as a monetary value. They would serve to discharge the department's new obligation of demonstrating proper inclusion in the group of "best" schemes and the relationship the project in question bore to others in the programme.

An objector challenging the project on economic grounds could approach his objection in two ways. He could challenge its inclusion in the programme and in doing so may wish, *inter alia*, to change the values of, for example, time, life and injury used in such calculations. But if the technical work had been soundly done and such changes are made in the calculations for a range of schemes (some good, some bad, some indifferent), the particular project would not lose its place in the group of most advantageous schemes. And it is the scheme's place in that group which would constitute the burden of proof for the department. Alternatively, or additionally, the objector could offer his preferred alternative routes or details for the particular project. For this he would not need to resort to C/B calculations. Direct comparisons of more factual matters, for example, construction cost, length, ineffective rise and fall, etc, would serve to illustrate the respective merits of the alternatives canvassed.

The approach advanced here would have substantial benefits and would not deny any objectors' right of challenge. It would recognise C/B calculations for what they are and would be more consistent with the way in which annual highway budgets are established. It would also save much effort and resources at public inquiries, shortening their duration. Bearing in mind that the economic evaluation is only one of many factors considered at public inquiries, this new approach would avoid excessive concentration on the minutiae of economic evaluation, when some of the major determinants are in any event uncertain, and are likely to remain so.

The author is chairman of the Transport Mergers group.

Increasing the warheads

From Lord Gladwyn  
Sir—As I believe I said some years ago, the "Star Wars" project, which will now, it seems, be pursued in all its inherent absurdity by the Americans, has three main objectives:  
It was designed to increase the popularity of President Reagan and the Republican Party by giving the American people the (erroneous) impression that they can, and eventually will, not only be largely protected from nuclear bombardment by the Russians, but also, in effect, regain that nuclear dominance which they lost when the Russians got possession of the atomic bomb.  
It is calculated to make enormous profits over many years for a large number of individuals, concerns and institutions in the United States so fortunate as to participate in research.  
If fully persisted in, it would preclude any agreement with the Soviet Union on arms limitation, which is something that many powerful Americans, such as Messrs Perle and Weinberger, are still determined to prevent.  
Falling further action by Congress in limiting funds, or some rather unlikely change of heart on the part of the administration, it would seem that for the time being all these objectives have now been successfully attained.  
It remains a fact, however, as pointed out by Lord Zuckerman, that the Russians, while not willing or indeed, able to construct a similar "shield" in space—which most scientists think is impossible anyhow—will probably now least start to triple the number of "manned" warheads in their immensely powerful ICB missiles, thus bringing them up from 10,000 to 30,000, enough to swamp any conceivable US "shield". Increase the number of their invulnerable sea-based missiles with a similar purpose; and so arrange that their missiles "manned" warheads separate before leaving the atmosphere thus rendering them immune from destruction by laser beams or otherwise.  
Such a development will naturally be welcomed by the equivalent in Moscow of the US "arms/industrial" complex, members of which are no doubt just as opposed to "détente" and arms limitation as their American counterparts, to say nothing of the continued suppression of Soviet "tests". It is tragic, therefore, that the extremely far-reaching, and apparently acceptable concessions made in Reykjavik by Mr Gorbachev were rejected simply because of insistence by the President on a continuance of the "Star Wars" programme on lines which will clearly violate

Letters to the Editor

the ABM treaty of 1972.  
For this is something that no Soviet Government could willingly accept given that it has to be assumed that, taken along with "anti satellite" activity, it might one day succeed. And, if it ever did, the Russians would, falling expensive counter-measures incompatible with arms limitation, shortly find themselves at the mercy of the other super power.  
What the European members of the alliance should now, therefore, do is, concerted, to try to persuade the Americans to lead to accept some modification of the "Star Wars" programme that will enable further progress to be made at Geneva. Everything may depend on that.  
Glasgow.  
G2 Whitehall Court, SW1.

The pound in trouble

From Mr A. Hornsell  
Sir—Philip Stevens observes (October 1) that the record August trade deficit is likely to be an aberration. I wish he was right.

The pound sank rapidly in the second half of 1978, and autumn of 1978. The trade figures, with little help from oil, worsened sharply throughout that period. Two factors important then, stated simply, were the high proportion of imports and the smaller proportion of exports, who distrust the stability of the pound, exchange rate and need to do their business in foreign currencies; and the increased magnitude of "buying forward" of currencies by importers whenever the pound is under international attack.

UK Customs and Excise does not measure "leads and lags" in foreign currency transactions. Consequently as the pound falls in value the reported costs of foreign currency imports are always overstated. The size of the error appears some time later in the balancing item at the Bank of England. We know today that the 1978 trade deficit was overstated by about £1.5bn.

In 1986 the stupor fall in the pound and a larger overall magnitude of trade suggests the error in the Customs and Excise figures could be at least £2bn by Christmas.  
If the pound is left at today's level it will become extraordinarily difficult, in my view, to restore an overseas trade equilibrium. Long experience shows that the UK does not cut import volume nor raise export volume with ease or speed. The temptation is

lack of competitiveness reflects it.

But, then, executive pay is just one of the bits of lard greasing Britain's slippery slide.  
Lawrence W. Hampton, Laurel Cottage, Tyler's Green Common, Penn, Bucks.

Spotting the changes

From Mr J. Defries  
Sir—Six months after shares peaked in London, "Lex" (October 1) appears finally to have made up his mind that the equity market has been getting bogged down in a tangle between bulls and bears.

Technical analysts, who seem to offer considerable entertainment to his and others, gave a warning as long ago as 1983 that all three equity indices had made head and shoulder "top" formations.  
The main endeavour of chartists is to spot a change in trend in the share market before a move would appear to be justified on available fundamentals or published news. Chinese walls there may be but it is quite common in a changing market of times that this happens.

Live and let live! I am proud to be a member of the Society of Technical Analysts; and I do not have dirty raintcoat.  
Jack S. Defries, 43 Brampton Grove, Hendon, NW4.

Small sample shows bias

From Mr P. Hayward  
Sir—In the aftermath of the TSB issue I appear to have discovered an interesting fact about the allocation by ballot of the available shares. An admittedly small sample of friends and colleagues shows a clear bias in favour of female applicants. Of ten applications five were successful but these were five out of six females. Of the other four male applicants none was successful.

This same picture emerges within my own family. There are six of us—three male, three female. The three female members were successful, the males unsuccessful.  
Is this simply a statistical freak or was there a sexual bias imposed from the top? The applications referred to were dealt with from different centres which makes the situation all the more intriguing.  
Just in case my letter threatens to raise any female sensitivities let me add that I would not quarrel with such a bias if it did exist. What would be interesting to explore is what is meant by "ballot". Perhaps in due course the TSB will solve my problem by telling us what proportion of the new register are male and female!  
F. C. Hayward, 18 Conroy Avenue, Cleveleys, Blackpool.

Advertisement for ACUMAN suits. The ad features a grid of suit images with prices and names. Brands shown include Yves Saint Laurent, Christian Dior, Van Heusen, and Odegar. Prices range from £89 to £175. The ad also includes a testimonial from a man named Jack S. Defries, who mentions that he and his colleagues found a bias in favor of female applicants in a suit allocation process. The ad concludes with the ACUMAN logo and address: 72 THE STRAND, WC2. 7 KINGSWAY, WC2. 90 GRACECHURCH ST. EC3. 135 VICTORIA ST. SW1.





## Australian current account deficit at record

By Chris Sharwell in Sydney

AUSTRALIA yesterday reported its worst-ever quarterly current account deficit for the balance of payments, but financial markets took the announcement in their stride.

Yesterday's preliminary estimate of A\$1.45bn (US\$925m) for the monthly current account deficit in September was around the upper level of market expectations.

Despite this, the Australian dollar finished at 64 US cents in Sydney, its strongest level since July, while the stock market continued to strengthen, finishing at a record level.

Mr Bob Hawke, the Prime Minister, repeated previous warnings that some "reasonably high" current account figures will be seen in the rest of 1986. He forecast a "significant improvement" in 1987, and Mr Paul Keating, the Treasurer, said the Government's structural reforms were certain to show results.

"You'll see these changes falling into place for the Government like pieces in a slot machine," Mr Keating told parliament yesterday. "You'll be eating your political hearts out," he told the opposition.

In contrast, Mr John Howard, leader of the opposition Liberal Party, said that the figures showed that the balance of payments was still in crisis. He said the current account deficit was running at an annual rate of A\$1.7bn, well above the record 1985-86 level of A\$1.7bn.

Yesterday's figures showed a seasonally adjusted 12 per cent rise in exports for September compared to August, to A\$3.1bn. Imports were up 17 per cent to A\$3.9bn, services showed a deficit of A\$338m, while net transfers were in deficit to the tune of A\$543m.

The quarterly current account deficit of A\$420m was the first worse than the figure of A\$3.9bn in the same period last year. The previous worst quarter was October-December 1985, when the deficit was A\$3.7bn.

Reagan blamed by Gorbachev over summit

Continued from Page 1

President Reagan "showed a complete lack of knowledge of socialist countries."

He also dismissed out of hand President Reagan's claim that the US would eventually share information on SDI with the Soviet Union.

The Soviet leader said the US was making two mistakes, one tactical and one strategic. The first was to believe that the Soviet Union would ever accept US superiority and the second was the belief that it was possible "to bleed the Soviet Union white by the arms race in the most advanced nuclear weapons."

The US, conscious of a Soviet propaganda blitz in Europe, is also addressing an international audience. Yesterday, Mr Richard Perle, one of the President's closest defence advisers, made long-standing sceptic of arms control agreements, answered questions from European journalists on satellite television.

Mr Perle stressed that some dramatic changes had taken place in the Soviet negotiating stance and the US intended to follow up on the progress made at Reykjavik.

He said that both sides had agreed to reduce the number of intermediate range nuclear forces (INF) in Europe to zero.

## Britain to try US-style auction for gilts sales

BY JANET BUSH IN LONDON

THE BANK OF ENGLAND is looking at the possibility of holding experimental auctions of UK Government gilt-edged securities, perhaps before the end of the current fiscal year.

The Bank said in a paper published today that it would explore the possibilities of an auction system similar to the US Treasury bond auction. It also gave details of its planned operations in the expanded and more complex secondary market after Big Bang deregulation on October 27.

Most leading British merchant and clearing banks have teamed up with brokers or jobbers and established themselves as potential forces in the new market.

The leading US houses also flocked to the Bank of England to claim their places as primary dealers. But Japanese players are notably absent. Many market participants expect several of the large Japanese securities firms to apply for primary dealership status next year, intensifying competition even further.

The newly structured market replaces the handful of jobbers who have dominated the business with 21 market-makers. Volume is expected to surge because of the increased difficulty of making profits in what are expected to be aggressive conditions.

The Bank does not expect major problems running auctions alongside the current system of issuing tape and tablets. It is thought the two operations could bring out the best in each other and limit their disadvantages.

Auctions ensure regular funding but are inflexible. There is a danger that the Government's aim of borrowing cheaply could be sabotaged if the market were to weaken sharply ahead of an offering. This could be caused either by adverse economic news or because primary dealers, had taken the market down ahead of an auction to pick up stock more cheaply.

Funding operations at present in use can mirror and use changing market conditions much more sensitively but do not always provide the Government with a sure and regular source of cash.

US-based primary dealers view auctions as essential if the new market is to function smoothly, but some UK houses are concerned that such a system would give their more experienced US competitors an edge. There is also some scepticism over whether the UK Government needs to auction large volumes regularly because its borrowing needs are lessening.

The City of London reacted favourably to the Bank's proposals for dealing with surges of demand in the secondary market through ad hoc tenders.

Market-makers were relieved that the Bank would accept bids in a 10-minute slot before the beginning of formal trading. They said this new feature figured in the first dress rehearsal on September 27.

Mr Alan Lord, the present chief executive, said yesterday that the new unit called the General Review Department, will be set up under a new Lloyd's by-law passed by the council this week.

The by-law gives the chief executive powers to order a review of the affairs of any Lloyd's broker or underwriting agency, including a right to examine documents on their premises. These powers can be exercised without prior notice.

Mr Lord said such reviews would monitor compliance with Lloyd's by-laws, but also provide information to be used in developing regulatory policy. He made it clear that the department would function like the compliance units which the UK's new self-regulatory bodies will have to set up under the Financial Services Bill.

The move comes as Lloyd's awaits the report of the Neill Inquiry, appointed to consider whether its present self-regulatory system meets standards laid down in the bill, from which Lloyd's has been excluded.

The Council of Lloyd's has also confirmed a fine of £175,000 (£90,250) on Mr Colin Hart, a former underwriter for Lloyd's insurance syndicates managed by a subsidiary of Alexander Howden, the insurance broker.

It upheld a Lloyd's disciplinary committee decision earlier this year to impose the fine, ban Mr Hart from the market and order him to pay costs of £80,000. He was found guilty by the committee of eight charges of misconduct.

They alleged the use of reinsurance schemes 10 years ago to divert into Swiss bank accounts more than £1.5m belonging to the syndicates' underwriting members. Mr Hart was found guilty of dishonestly appropriating £500,000 of the syndicates' funds during 1978-79. Papers on the case have been sent to the Director of Public Prosecutions.

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## Lloyd's watchdog unit to have wide powers

By Nick Barker in London

LLOYD'S of London, the international insurance market, is to set up a special 15-strong unit with powers to make spot-checks on insurance brokers and underwriting agencies suspected of breaking the market's rules.

The move will bring Lloyd's closer to meeting regulatory standards laid down in the Financial Services Bill, which is to set up a new framework for investor protection in the UK's financial community.

It marks a significant departure for Lloyd's, because the power to order spot-checks and other inspections will lie with the market's chief executive, rather than with the ruling Lloyd's Council or with leading market practitioners.

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## THE LEX COLUMN A drop in the Atlantic

Hitting the dollar when it was on the way down, last year, was a good trick for the central banks. But the present concerted attempt to brake the dollar's descent goes against the flow of the foreign exchange markets; it is looking expensively ineffectual.

Wading in to buy about \$1bn seems to have bought a recovery in the D-Mark rate of about one-third of a penny. At some \$30,000,000 a pip, with little sign that the results will stick, this kind of intervention makes about as much sense as canoeing up Niagara.

In this perspective, it seems almost perverse to carp at the UK authorities for finally trying the only alternative way of pushing against the markets. But raising clearing bank base rates by a single percentage point will have vanishingly little impact on anyone who is determined to go short of sterling, while raising them no higher than the money market has been discounting for a fortnight will do nothing to attract floating reserves of hot money.

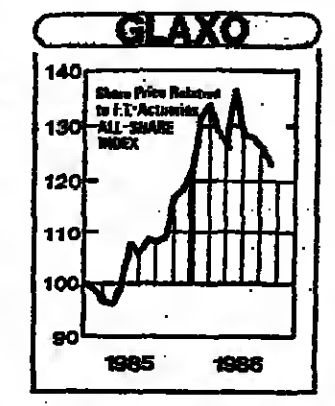
Seen as a form of currency support, raising base rates is a mirror image of the central banks' dollar buying, and exactly as efficient. And although it may be argued that the delay has made it possible for one point rather than two, the effects on sterling yesterday were both small and short-lived. Plus ça change.

That the Bank of England is to have some experimental auctions in gilt-edged is no surprise. With 27 market-makers to keep square, the auction has always looked the fairest way to operate the market, whether or not it was the method which resulted in the lowest cost of funding for the Government.

In practice, the Bank will begin by attempting to operate an ad hoc tendering system. But it seems more likely that, once the auctions have been given a trial, the trial will quickly turn into a new regime.

Even with the best of intentions, and a dress-rehearsal in which nothing went awry, it seems difficult to imagine a 27-line telephone tendering apparatus surviving for long in the heat of the day.

That probably spells an end to the tap system, which at least sup-



plies some damper on market volatility, but anyone who was devoted to government by tap would have resisted opening up gilt-edged to so many primary dealers to begin with.

### Saatchi & Saatchi

The rally in the battered Saatchi & Saatchi share price ended abruptly yesterday with a 40p fall to 620p. The shares will continue to flounder until the company makes a clear statement about its plans for the Ted Bates businesses.

At the time of the takeover in May Saatchi said that Ted Bates would continue to operate as an independent entity as all its other acquisitions have done. Indeed that is part of the justification for paying so much for the goodwill in such businesses.

Meanwhile Glaxo's other drugs, particularly the antibiotics, are still growing with more launches coming up. Those drugs will never be as important as Zantac, but they are significant. Glaxo is rather slower than its rivals to disclose what is in its new product pipeline, though a £20m increase in R & D spending to £113m suggests that there must be something. Glaxo's decision to put all its efforts into ethical drugs and sell the extraneous activities ought to be based on confidence in its research efforts.

As for the investment portfolio, some capital gains should be repeated if low and zero coupon bonds are held and with the extra £200m cash generated last year the income should be higher. It is just as correct to add back the £18m exceptional write-off on Farley in calculating the profit base from which Glaxo can grow, so a pre-tax figure of £750m this year is within reach. The prospective p/e of 14.3 represents an inadequate premium for a company which can still expand without earnings dilution.

## Ford to invest £1.5bn in UK during the next five years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN BIRMINGHAM

FORD, the US-owned vehicles group, will invest £1.46bn (\$2.1bn) in Britain in the next five years, Mr Derek Barron, the new chairman and chief executive of Ford of Britain, announced yesterday.

This nearly equals the £1.6bn spent in the UK by the group since 1978, he said.

In a tub-thumping speech to mark the 75th anniversary of Ford's first manufacturing operation in Britain, he said: "Ford's faith in the UK can be measured by the money we have put into it. Our strength has only been achieved by a sustained programme of investment and our state here is now very big. Measured in current cost terms it is more than £5.5bn."

Mr Barron said the future programme would include £500m for the development of new vehicles and £350m on new engines and transmissions.

New engines to be produced at Dagenham in east of London and Bridgend in South Wales, would make Britain the centre of Ford's

engine technology in Europe, he added. More than 80 per cent of Ford's engine production is to be exported.

Mr Barron said that since 1984 productivity at the UK Ford factories in Dagenham and Halewood had improved by 50 per cent. Output was now on schedule at about 1,000 cars a day from each plant.

However, the productivity remained "significantly below" that of Ford's comparable factories in West Germany, Belgium and Spain.

The improvement in productivity would enable Ford to provide 60 per cent of total car sales in Britain from the UK plants this year, compared with 53 per cent in 1985.

The increase in the UK-built content comes at an important moment because Ford, as the major car importer in Britain, is suffering from more than most companies from the recent rapid strengthening of the D-Mark and most other European currencies against the pound.

Mr Barron admitted that Ford had not foreseen such a strong

surge in the German currency's value and it would have a "significant negative effect" on Ford of Britain's 1986 profits. He said Ford's exports of engines and commercial vehicles had been rising sharply this year and that this, coupled with the increase in car output, was helping to reduce the balance of payments deficit on Ford of Britain's trade with the rest of the world. He could not say, however, if or when Ford would return to being a net contributor to the UK balance of payments.

Mr Barron pointed out that Ford of Britain was part of a group operating on a worldwide scale. Ford's strength as a volume car producer in Britain was entirely dependent on its strength worldwide. "The two cannot be disentangled."

Without mentioning the new Nissan factory in the UK, Mr Barron said Ford would do whatever was needed to take on all competitors - be they from Japan or Korea or Taiwan - to ensure profitable survival and another 50 years manufacturing in the UK.

## Moscow sticks to mid-range weapons offer

Continued from Page 1

However, that did not mean Moscow would continue to insist on a package deal in Geneva. Mr Karpov said the Soviet Government needed time to assess the problem.

Mr Karpov said that the Soviet Union was not insisting on a renunciation by the US of its Strategic Defence Initiative (SDI) - "Star Wars" - as long as it was confined to laboratory research and development. He denied that Moscow was asking for a fundamental revision of the 1972 anti-ballistic missile treaty (ABM), as President Reagan has claimed. All Moscow was proposing was a strict adherence to the treaty, which prohibited testing of weapons in space. If there was any disagreement between the Soviet Union and the US on the interpretation of the treaty, this could be the subject of bilateral talks, as had happened before.

It was clear that Mrs Thatcher and Mr Karpov agreed at their meeting yesterday that the outcome of the Reykjavik summit should not be seen as a total failure.

Though both parties agreed they would not disclose details of their discussions, officials said Mrs Thatcher and Mr Karpov had concluded it was vital to find a way forward and that there were grounds for further negotiations.

## Diamond prices to rise

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

DIAMOND PRICES are to rise, for the second time this year, by an overall 7 per cent from November 3. The increase will apply to rough (uncut) gem and industrial diamonds but will not affect the tiny industrial board and drilling materials.

The increase, announced by the Central Selling Organisation (CSO) of South Africa's De Beers which markets more than 80 per cent of

world diamond mine production, follows one of 7.5 per cent in May. In April 1986 the prices of gem quality diamonds was increased 3.5 per cent.

The diamond market has this year seen revived demand for large and expensive gems which De Beers had to stockpile during the recession of 1981-85.

## Britain raises bank base rates to 11%

Continued from Page 1

economic policies and also demonstrates the political corruption of this Government."

"To put off the announcement of the increase until after the Tory conference, the Government spent millions of pounds postponing the inevitable," he said.

The Bank of England is thought to have spent up to \$1bn of its foreign exchange reserves in intervention to support sterling over the past few weeks.

The Treasury view is that a 1 point rise in rates is enough to balance sterling's decline in terms of neutralising the impact on inflation, but that if it had acted earlier it would have been forced into a unnecessarily large 2-point increase.

Ironically, however, any rise in home loan lending rates will have the immediate effect of pushing up recorded inflation by adding to the retail price index.

Sir Terence Beckett, the director-general of the Confederation of British Industry, the employers' organisation, called the increase in borrowing costs a great pity. "With America's growth falling off, the rest of the world, including Britain, needs lower not higher interest rates," he said.

In the City, the immediate reaction of the foreign exchange markets was to push up the value of the pound, but after a brief flurry it fell back to around Monday's levels. The sterling index ended the day at 67.5, up 0.1 point from Monday, while against the dollar the pound rose by 0.3 cents to close at \$1.4375.

## West German real incomes rise faster

By Andrew Fisher in Frankfurt

REAL INCOMES in West Germany grew at a faster rate in the first half of 1986 than at any time in the past 12 years, according to the Bundesbank's monthly report.

The 4.1 per cent increase over the same period of last year resulted from increased overtime and bonus payments as a result of increased economic activity - actual wage levels were 3.3 per cent higher - and lower prices.

Heating oil costs were considerably lower, because of reduced oil prices and the strengthening D-Mark. Consumers also benefited from tax cuts at the start of this year.

With more money at their disposal, Germans have been borrowing more heavily from banks to finance purchases, mainly of cars. Favourable credit conditions offered by dealers were a strong influence. Private borrowings for consumer buying rose by 25 per cent in the first six months compared with the year-ago period to DM 6.3bn (\$3.2bn).

"The figures reflect the shift in German economic growth away from export demand, as the effect of the revived D-Mark takes hold on the domestic economy. The Bundesbank said consumer demand should remain high beyond this year."

It also reported a further acceleration in money supply growth - measured by central bank money stock - from an annual rate of around 7 per cent in August to 7.5 per cent in September against a target of 3.5 to 5.5 per cent. This rate of increase has been a key argument in the Bundesbank's refusal to cut its 3.5 per cent discount rate, despite heavy US pressure.

## World Weather

City	Temp	Wind	Cloud	Temp	Wind	Cloud
Amsterdam	12	10	100	12	10	100
Bombay	28	15	100	28	15	100
Buenos Aires	18	10	100	18	10	100
Calcutta	30	15	100	30	15	100
Cairo	25	10	100	25	10	100
Colon	28	10	100	28	10	100
Hankow	22	10	100	22	10	100
Hong Kong	28	10	100	28	10	100
London	12	10	100	12	10	100
Lyons	12	10	100	12	10	100
Manila	28	10	100	28	10	100
Medan	28	10	100	28	10	100
Osaka	22	10	100	22	10	100
Shanghai	22	10	100	22	10	100
Singapore	28	10	100	28	10	100
Tokyo	22	10	100	22	10	



**JOBS**

**Latest indicators of main executive perks**

BY MICHAEL DIXON

THE MOST unusual perk the Jobs column has yet stumbled upon was enjoyed (if that's the word) by a headquarters manager I met once whose company's activities included farming. He had negotiated a monthly entitlement to a standard quantity of manure.

He was a keen gardener, he said, and so valued it even though some people not civilised enough to appreciate the satisfactions of gardening seemed to think the arrangement funny. Since those people included me, I changed the subject and moved on, neglecting to note his name.

Which is a pity. For very soon afterwards there came into my head a question which only he could answer.

Suppose, at the end of some month's work, his superiors suddenly presented him with twice the usual quantity. Presumably they would be trying to tell him something about his performance. But would he take it as praise, or criticism?

Unfortunately, exotic perks like that are not included in the listing of fringe benefits awarded to different kinds of managers in the United Kingdom, which Inibson Management Consultants includes in its yearly surveys of executive pay.

So only run-of-the-mill perks are covered by the table up to

Types of managers	PERCENTAGE OF PEOPLE IN EACH JOB WHO RECEIVE:										
	Full use of company car %	Allowance for use of Substandard own car %	Subsidised phone %	Aid with house buying %	Life insurance %	Free medical insurance %	Share options scheme %	Share buying scheme %	Loans at low interest %	Bonus %	
Managing directors .....	97.1	2.4	51.8	52.7	14.7	91.5	82.0	47.6	17.3	12.1	50.0
General managers .....	82.5	1.2	49.0	45.3	11.9	91.4	85.5	52.5	34.2	9.3	40.9
Company secretaries .....	87.5	7.1	56.5	42.3	12.7	89.9	81.5	42.5	17.9	12.5	39.9
Personnel executives .....	79.9	3.0	64.5	34.4	11.7	82.7	77.1	40.5	13.7	12.5	41.5
Financial executives .....	81.6	2.0	55.2	32.5	2.5	92.1	80.9	37.1	12.7	12.5	44.5
Production executives .....	78.5	4.9	51.9	39.5	8.2	82.9	73.1	35.9	9.1	5.5	42.5
Chief engineers .....	60.7	6.1	61.1	49.0	6.8	94.3	68.9	38.4	5.4	6.1	40.4
Distribution executives .....	67.5	4.9	58.4	32.1	9.1	91.5	67.9	35.0	6.6	9.9	32.3
Purchasing executives .....	63.9	4.3	62.6	15.3	3.8	91.6	64.1	32.5	4.6	7.6	43.1
Sales executives .....	62.4	1.4	59.3	46.6	5.4	92.6	77.2	32.5	3.1	7.0	51.8
Marketing executives .....	64.3	3.1	62.4	31.1	8.3	90.9	74.4	31.9	3.0	4.9	49.9
Heads of R and D .....	56.3	2.4	59.2	29.8	7.4	96.5	77.4	41.1	14.9	4.5	40.8
Data-processing chiefs .....	74.3	5.0	56.5	37.9	8.1	88.8	73.4	29.7	9.5	8.0	39.6
All types—1986 .....	78.3	2.9	55.8	34.6	8.2	92.3	74.1	36.4	10.7	7.9	44.9
(All types—1981) .....	(74.3)	(8.4)	(72.0)	(—)	(7.4)	(93.3)	(66.4)	( 17.0 )	( 7.7 )	( 35.5 )	

the right, which I print by courtesy of Doo McCune, Inibson's salary research manager. Anyone wishing to know more about the newly published survey should contact him at 197 Knightsbridge, London SW7 1RN; telephone 01-584 6171; telex 916333 Raicon G.

The table shows which main fringe benefits were enjoyed as at July 1 this year by what percentages of 13 different kinds of executives. But more than those of 13 kinds go to make up the "all types" figures at the foot of the table, which refer to the full range of managerial types covered by the survey. The latest included

6,549 individuals employed by 623 widely assorted companies. Since changes in perks fashions occur slowly, I have compared this year's all types figures with those of five years previously. The proportion with share options or a share-buying scheme, taken together, has more than doubled to just over 47 per cent. Free medical insurance is up, and subsidised lunches are down, by nearly a quarter. Changes in cars and car allowances also roughly balance one another.

More executives are receiving bonuses, which now constitute a bigger proportion of the recipients' salaries. This year

the average bonus is £3,042, or 12.7 per cent of the £23,950 mean salary. The corresponding 1981 figures were £1,690, or 11.5 per cent of the average salary of £14,637.

**Continent**

FROM his base in Switzerland, headhunter Jo Jacobsthal is seeking a biophysicist, biochemist or something similar for research work with a pharmaceutical group on the Continent. As he may not name his client, he—like the other recruiters to be mentioned later—promises to abide

by any applicant's request not to be identified to the employer at this stage.

The recruit, who will probably work in either the Netherlands or Germany, must be skilled as well as thoroughly knowledgeable in the field of human diagnostics. Fluency in one or more major Continental languages would be a help.

Salary indicator, translated into sterling, is £50,000. What Mr Jacobsthal terms "amenities" will be negotiable. He also says that prospects of promotion are "excellent."

Inquiries to him at European Marketing Systems,

Beaumont 5, CH 1700 Fribourg, Switzerland; telephone (010 41) 37 243280; telex 942271.

**Cotswolds**

RECRUITER Bernard Babouze is offering about £30,000 plus bonus and car to a person demonstrably capable of becoming associate director—manufacturer of the Cotswolds-based branch of an American group with a £40m-plus turnover mainly in air-braking systems for heavy vehicles. Inquiries to ELS Consultants, 10 Richmond Ave, London SW20 8AL; tel 01-542 8878 or 540 5834.

**City**

NOW to the City of London. Dudley Edmunds of the Roger Parker Organisation (65 London Wall, EC2M 5TU; tel 01-588 2580) wants a good manager as well as ace in money markets including off-balance-sheet and the hike to head such operations for an international bank. Basic salary £70,000-plus.

John Williams of Russell Williams and Associates (45-45 St Mark's Rd, London W5 8RQ; tel 01-579 1082) seeks two treasury or foreign-exchange consultants with marketing skills to join a client's team of international corporate advisers. Basic salary up to £45,000.

**Private Clients**

**City £High**

Two major UK houses seek to expand their private client departments at senior executive/director level. Applicants should have at least five years' experience in managing discretionary and non-discretionary funds and the ability to bring in and service new business.

Both houses offer long term prospects and security as well as competitive salary packages.

Please contact Nick Root or Timothy R. Wilkes on 01-404 5751 or write to the Investment and Securities Division, Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality assured.



**Michael Page City**  
International Recruitment Consultants  
London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

**BADENOCH & CLARK**

**EUROBOND SALES—DOLLAR STRAIGHTS**  
£Negotiable

Our client, a leading investment bank, requires bond sales executives, with at least twelve months experience of selling dollar-denominated bonds to European institutions.

Applicants should be able to demonstrate a successful track record in this market, and, ideally, should be fluent in one or more European languages.

The remuneration package, which could include a car for appropriately qualified individuals, is certain to be highly attractive.

Please contact Stuart Clifford or Christopher Lawless.

**MARKETING EXECUTIVE**  
£20,000

On behalf of our client, a US bank with a strong global presence, we are inviting applications from corporate bankers of the highest calibre.

With two years credit analysis experience (US preferred) and an excellent training in marketing techniques, the successful applicant will now market a wide range of treasury/investment products to prestigious UK institutions. It is essential that candidates are graduates with a faultless academic record, aged 24-28, and are capable of representing this organisation at the highest level.

For a confidential discussion please contact Hilary Douglas.

Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU  
Telephone 01-583 0073

**BADENOCH & CLARK**

**CORPORATE FINANCE**

We are currently looking for qualified accountants and lawyers with excellent academic credentials and experience of domestic corporate finance transactions to develop their careers in that field.

Opportunities exist with high profile US and European investment banks, UK Merchant Banks and Stockbrokers at director, associate director, managerial and executive levels to join advisory teams in the areas of M&A, listings, issues, business development and client liaison.

**CAPITAL MARKETS**

We are actively recruiting on behalf of several Merchant, Investment and International Banks, who seek ambitious qualified Solicitors and Accountants with at least second class honours degrees and clean professional exam records, to join their continually expanding Capital Markets groups.

Applicants, aged 26-32, should ideally have some relevant post qualification experience. Successful candidates should be committed to a career move into banking and are likely to use their legal/accounting skills initially before progressing into front line banking roles.

In both cases, salaries are highly competitive and attract a full range of banking benefits.

For further details, please contact Tina Clarke ACA, Judith Farmer or Robert Digby, (who can be reached outside office hours on 01-870 1896).

Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU  
Telephone 01-583 0073

**C. Czarnikow Ltd.**

Cocoa/Coffee Department

We are seeking to recruit both a trader with some experience in physical soft commodities and an experienced futures broker to join an expanding department.

Please write to:

Mr M. R. Liddiard,  
C. Czarnikow Ltd,  
66 Mark Lane,  
London,  
EC3P 3EA

REDUKANT SALES Managers and CP-Students contact Michael Green on 01-583 2444.

**Appointments Wanted**

URGENT  
BELGIAN INDUSTRIAL ENGINEER—MECHANICAL  
Age 37 — 10 years' experience.  
IS LOOKING FOR A JOB IN TROPICAL AFRICA  
Please write:  
Louis, 158 Bd. Van Hecke,  
Box 21 — 1190 Brussels.

MANAGER BRUCE changes with effect 15.10.86. Tel: 01-583 2444. London EC4P 4BY.

**Major Insurance Group/c.£30,000**

**Investment Research Manager**

Our Clients, a large and international insurance Group, have recently set up an investment management operation in the City and now seek a Research Manager to complement their existing highly professional and skilful team of fund managers.

The company is looking for a person to combine research and analysis for the purposes of asset allocation, portfolio strategy, securities selection and performance measurement. Additionally, the job holder will play a major part in the evaluation and design of information systems, and will be responsible for keeping the organisation abreast of new developments in portfolio management and the securities and financial markets generally.

The ideal candidate is likely to have a MBA or its equivalent, with specialisation in securities analysis and portfolio management. He/she should have a strong background in mathematics and statistical analysis and be skilled in the application of computers to the investment management process.

The job offers good career prospects, a car, and an excellent benefits package.

Please reply in confidence quoting ref. 771 to Caroline Magnus at Overton, Shirley & Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: (01) 248 0355.

**Overton Shirley & Barry**  
INTERNATIONAL RESEARCH AND SELECTION CONSULTANTS

**International Capital Markets Manager**

J. Henry Schroder Wagg & Co. Limited, one of the leading UK Merchant Banks, is looking for a Manager in its Capital Markets Division to take responsibility for marketing new issue business in both the equity and debt sectors to European Companies and to work with the Product Director for International Equities.

Candidates, aged 28-30, should be graduates with 2-3 years experience of the origination both of international equity and equity linked issue business in Europe and of fixed income and swap driven issues.

A fully competitive salary is offered together with an attractive range of benefits including mortgage subsidy, company car and a generous non-contributory pension scheme. Career prospects within the Schroder Group are excellent.

Applications in writing, with full curriculum vitae and photograph should be sent to: The Personnel Manager, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London, EC2V 6DS.

**Schroders**

**Business Systems**

**International Investment Bank**

£40-50,000 + substantial benefits

Part of a major banking group, our client is a highly respected investment bank. A substantial force in the finance sector, the investment bank is expanding rapidly throughout its operations, both in the UK and internationally.

The bank now wishes to strengthen its technology team through the recruitment of several Business Systems Managers. Each responsible for a significant trading area, the Managers will plan, implement and control systems in this dynamic environment. Supported by

departments ranging from 10-50 staff, they will work closely with their respective business groups to ensure the determination and achievement of systems strategy. The positions require high levels of both commitment and ability.

In their early/mid 30s, applicants should have a project management background gained in either banking or management consultancy.

Please write enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/500/WF.

**Lloyd Management**

125 High Holborn London WC1V 6QA Selection Consultants 01 405 3499

We are Market Makers in Fully Listed, USM and OTC equities and require

**EXPERIENCED LICENSED DEALERS**

to assist in our expansion.

If you are looking for a new challenge with tremendous opportunities write enclosing CV to:

Box A0904, Financial Times  
10 Cannon Street, London EC4P 4BY

**EXPERIENCED SECURITIES SALESMEN**

A European bank with a Eurobond operation in London is looking for experienced and highly motivated salesmen. Qualified candidates, male or female, should have a solid client base and a broad understanding of the Eurobond market. Experience with equities, convertibles and other instruments will be considered an asset. Compensation package will be negotiable according to experience.

Apply Box A0997, Financial Times, 10 Cannon Street London EC4P 4BY

**The Following**

**Accountancy Appointments**

will be appearing TOMORROW:-

- ACCOUNTANT
- FINANCE DIRECTOR
- FINANCE MANAGER
- HEAD OF MANAGEMENT ACCOUNTANTS
- HEAD OF INTERNAL AUDIT
- GROUP FINANCIAL CONTROLLER
- FINANCIAL CONTROLLER
- FINANCIAL AND BUSINESS ANALYST
- HEAD OF ACCOUNTING
- Opportunities in finance, Jeddah

... and many more.

**FINANCIAL TIMES**  
EUROPE'S BUSINESS NEWSPAPER  
MARKET - ECONOMY - NEWS



## CHAIRMAN/CHIEF EXECUTIVE

South West Water Authority  
c. £39,000 p.a.

The Secretary of State for the Environment proposes to appoint a Chairman/Chief Executive for the South West Water Authority, which is responsible for water supply, sewerage, sewage disposal, water conservation and recreation, river management, land drainage and fisheries within Devon, Cornwall and the western areas of Somerset and Dorset. The present Chairman's term of appointment expires in September 1987.

With Headquarters in Exeter in Devon, the Chairman/Chief Executive will have responsibility for the provision of services by the Authority, and the efficient management of an organization with a turnover in excess of £80 million. The successful candidate will be required to provide strong leadership for a staff of 2000, will play a major role in developing the strategy for future investment, and must display the flexibility to manage any eventual change in the constitution of the Authority.

Candidates aged around 45-55 will have a track record of efficient management and administration, for example as a Director in industry. The successful candidate will be someone of stature, politically sensitive and with good communication skills, coupled with enthusiasm and drive. The appointment will be initially for five years duration; the salary is pensionable and a car is provided. Replies, which will be treated in strictest confidence, should be sent to the address below and be received by 3 November 1986.

St. James's Corporate Consulting,  
Box FT/981, St. James's House,  
4/7 Red Lion Court, Fleet Street, London EC4A 3EB.

## Private Client Investment and Banking to £50,000+ Benefits

Our client is a very profitable Commercial Bank based in the City; its main business has historically been in lending, trade financing, and treasury with a heavy bias towards the Middle East.

Following the decision to launch and develop a private client investment management and banking business, we have been retained to recruit the Manager to be responsible for the project.

It will involve the provision of investment advisory, financial and taxation planning, and banking and treasury services to high net worth individuals around the world, but particularly from the Middle East.

You are likely to be in your 30's or early 40's, possibly professionally qualified, experienced in giving private client investment and financial advice, able to work and negotiate with other members of the investment community and preferably familiar with the Middle Eastern market.

Please send a detailed C.V., including contact telephone numbers, in strict confidence to Peter Wilson, FCA at Management Appointments Limited (Search and Selection Consultants), Finland House, 56 Haymarket, London SW1Y 4RN. Tel: (01) 930 6314.

**MAL**  
Management Appointments Limited

## PORTMAN BANKING

### MARKETING OFFICERS

£20,000

If you have at least 18 months' experience of marketing to large corporate clients then this "Blue Chip" Merchant Bank can offer you an excellent opportunity to enhance your career path. They need additional marketing officers to strengthen their successful team and assist with the maintenance of their existing portfolios whilst concentrating on the development of new business. The emphasis will be upon the development and marketing of special financial packages. Candidates should be graduates aged between 25 and 30 with previous experience of credit analysis.

For further details call Mike Blundell Jones

Portman Recruitment Services Limited

Tel: 01-236 1113

### APPOINTMENTS ADVERTISING

Rate £41 per Single Column Centimetre

## Marketing to £25,000

We are currently assisting a number of UK and International banks with the recruitment of marketing officers for a variety of sectors.

Ideally you will be in your mid to late 20's with approximately 2 years' marketing experience within a similar institution, and will also have a broad product knowledge. Fluency in a European language would be a distinct advantage.

If you have a proven track record in your current position and are keen to use your skills in a challenging new environment, please contact Julia Cartwright or Fiona Collins on 01-404 5751 or write to them in strictest confidence at Michael Page City, 39-41 Parker Street, London WC2B 5LH.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

## Ambitious Bankers What's going on at TSB?

A great deal. Our growth and success are going on at an increasing pace, as you're no doubt aware.

And our major investments in advanced technology and talented banking personnel are helping to achieve the sophisticated and efficient customer service associated with TSB Scotland - one of the most progressive and forward-thinking banks in Britain.

For the next stages of our development we need ambitious bankers at two levels of experience to augment and meld with our existing management team. These are likely at present to be Assistant Branch Managers (aged 25-35) and Branch Managers (aged 30-45) who can look to career opportunities with us in Scotland.

You must be orientated towards marketing and business development and have a sound, practical knowledge of banking and lending procedures.

You should be able to demonstrate proven skills and management potential combined with a banking qualification, preferably AIB (Scotland).

Your rewards will be a generous salary, according to your ability and experience, plus banking sector benefits, including relocation expenses where appropriate, and excellent career prospects.

To apply please write with full career details to: Mr J H Chapman, Assistant General Manager (Personnel), TSB Scotland plc, PO Box 713, Orchard Brae House, 30 Queensferry Road, Edinburgh EH4 2UL.



## Apply your financial experience to customer support

As the financial sector experiences radical change and stock market deregulation approaches, TALISMAN - one of the biggest computerised systems in the UK and one of the most advanced installations of its kind in the world - is continually being enhanced and new services are being developed. The function of our Marketing and Liaison team is to establish and maintain a two-way channel of communication between Member Firms and the Settlement Services Division. This is achieved by understanding and defining the settlement needs of our members as well as informing and training all users in new and future settlement services.

### LIAISON ADVISERS

To succeed in this role, you'll need to be a highly persuasive communicator with directly relevant experience in the securities industry. You will also be able to absorb and disseminate technical information with authority and credibility. Some exposure to computer systems would be useful.

### TRAINING OFFICERS

Ideally a business or marketing graduate, you will be able to demonstrate first class presentation skills. Some financial experience and awareness of City practices is highly desirable, although we are willing to train a bright person who can pick up technical details quickly.

If you're flexible enough to thrive in a constantly changing and increasingly competitive environment, your reward will be an attractive salary of up to £14,000 according to experience, supported by generous financial sector benefits including a free season ticket. Promotion prospects are genuinely excellent.

Send your CV to Tony Knott, Personnel Manager, Settlement Services Division, The Stock Exchange, Old Broad Street, London EC2N 1HP.

**The Stock Exchange**

## Shepherd Little & Associates Ltd

Banking Recruitment Consultants

### SENIOR MANAGER - EUROPEAN MARKETING

Our Client an expanding international bank, is committed to further developing its presence and business in Europe whilst ensuring it remains prominent with central authorities, major financial institutions, multinational corporations, and prime corporate names. The bank provides a full range of products with an emphasis on trade finance, corporate, export credit and deposit relationships whilst also offering capital market instruments. The Senior Manager will assume primary relationship responsibility for the bank's corporate and sovereign risks in Europe and ensure development and implementation of new business plans.

Corporate bankers with a highly successful record in marketing/business development over a number of years who are in the age range of 30/40 are sought for this senior appointment. Fluency in a European language would obviously be advantageous but is not essential.

In addition to full banking benefits a commensurate salary around £40,000 is envisaged although this could be negotiable for an exceptional candidate.

Please contact Paul Trumble

### MARKETING ACCOUNT OFFICER to £25,000

Our Client, a leading European bank is seeking to augment the U.K. corporate marketing team. You will be a graduate with previous experience gained from an international bank (preferably American bank credit trained) and able to demonstrate a successful track record. Additionally you will be aged 28/35, innovative and self motivated.

Please contact Brenda Shepherd

Ridgway House 41/42 King William Street London EC4R 9EN  
Telephone 01-626 1161

## US\$ STRAIGHT BOND TRADER

Become the Senior Trader with the Straights Team in this prominent International Securities House

You are now an experienced trader with in-depth knowledge in the US\$ straight bond sector and looking for an opportunity to be the senior member of your team.

Based in London you will be working with a Company which is part of one of the world's largest financial organisations. You will be reporting to the Executive Director in charge of Dealing. Your team will be making markets in Supranationals,

Japanese, Scandinavian and US corporate names and you will have at least 3-5 years' experience in one of these books. The opportunity for broadening your knowledge within this sector is outstanding as is the compensation package.

Candidates, aged 25-35 should write with CV to John Sears, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.

**John Sears and Associates** A MEMBER OF THE SWL GROUP

## Gilt Sales

U.S. Investment Bank  
£ Highly competitive

One of the primary market makers, with an already substantial presence in the Gilt-Edged market, requires an additional sales executive.

Candidates with a minimum of one year's experience in gilt sales and a proven track record will probably be aged 23-28. They will also be working for a major city institution, and have the drive and enthusiasm to succeed within an increasingly competitive market sector.

Those interested should write, enclosing a comprehensive curriculum vitae, to Andrew Stewart at 39-41 Parker Street, London WC2B 5LH, or call him on 01-404 5751, quoting reference no. 3689.



**Michael Page City**

International Recruitment Consultants  
London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

## Credit Insurance Account Servicing Executive

We are seeking an experienced credit insurance account executive for our City Office.

The position offers an outstanding career opportunity within the credit insurance broking industry for an individual who wishes to work for a company with the highest professional standards.

Your responsibilities will include the servicing of existing clients as well as assisting in the development of new business.

An attractive remuneration and benefits package will be offered to the successful candidate.

Please write in total confidence enclosing a CV. (or contact us for an application form).



Diane White, Personnel Officer,  
**C.E. Heath PLC.**  
Cuthbert Heath House,  
150 Minories, London EC3N 1NR  
Telephone: 01-488 2488

## Top Executives

earning over £25,000 a year

Can you afford to waste over £2,000 a month in delay? Minister Executive specialises in solving the career problems of top executives. The Minister programme, tailored to your individual needs and managed by two or more partners, is your most effective route to those better offers, 75% of which are never advertised.

Our clients have an impressive record of success; many blue chip companies retain our services in the redeployment of their top people.

Telephone, or write for a preliminary discussion without obligation - or cost.

**MINSTER EXECUTIVE LTD**

28 Bolton Street, London W1Y 8HB. Tel: 01-493 1309/1085



### Investment Management

#### Pension Fund Manager

Our client, a leading UK Merchant Bank, is seeking a Pension Fund Manager to help continue the expansion of its highly successful investment operations. The ideal candidate will be a US equity specialist with probably five years' experience of handling sizeable funds in that area. A knowledge of the North American fixed income market would also be a distinct advantage. It is likely that this person will be aged around thirty with an excellent academic record. This position has a great deal of potential and remuneration should not prove an obstacle.

#### Japanese Analysts

We act for one of the world's leading international banks which is keen to appoint several Japanese equity analysts to support the worldwide increase in its Japanese market activities. If you have two years' experience in the analysis of these stocks, preferably concentrating on a particular sector, we would like to hear from you. Based initially in the London office, you must be able to demonstrate drive and intelligence for which you will command an extremely attractive salary package.

For a confidential discussion of these positions, please contact Simon Harrison on 01-481 3188 (or 01-998 3328 evenings).

**CHARTERHOUSE APPOINTMENTS**

EUROPE HOUSE - WORLD TRADE CENTRE - LONDON EC4A 3DF

SYDNEY LONDON HONG KONG

## Jonathan Wren NO 1. EUROPEAN MERGERS AND ACQUISITIONS

£40,000 to £60,000

We seek a motivated and well connected banker/stockbroker who can display flair and enthusiasm in advising companies in the "marzipan layer" on all aspects of M & A work, covering UK and European opportunities. Some travel to France, Germany, Spain, etc. will be entailed, hence a second European language is preferred. The ability to seek new business, and advise multinational companies is essential.

## VENTURE CAPITAL (Start-Up)

£40,000 to £60,000

We seek a venture capital expert who can assume full responsibility for this new venture. Direct experience gained within a specialist venture capital company or a banks special fund is imperative.

The objective will be to provide development finance for the successful growing company, support start-ups and to take a long term view possibly from both a debt and equity basis.

For both the above positions additional to the attractive starting salaries, reward orientated bonuses plus full banking benefits will apply.

All applications will be treated in strict confidence. Contact Brian Gooch, Director, Banking.

**Jonathan Wren**

Recruitment Consultants  
No. 1 New Street (off Bishopsgate), London EC2M 4TP.  
Telephone: 01-623 1266

## Dealer - Stockbroking (Private Clients)

Age 32-42 up to £100,000

Our client, the securities arm of a major investment banking group, will shortly appoint a Director of their newly formed dealing operation. He/she will head the dealing box of a newly constituted agency broker specialising in serving substantial private clients. His/her responsibilities will therefore include:

- ★ Supervising the activities of a team.
- ★ Dealing directly where there is an intricate and involved transaction.
- ★ Liaising on a close basis with an expanding private client department.

The successful candidate is likely to have at least ten years' experience within a London stockbroking firm or alternatively will have held a senior position with a stockbroker specialising in private client business. The role calls for strong leadership qualities and it will be essential that candidates have well-established contacts in the stockmarket.

The appointment offers an exciting future in a dynamic environment. A highly competitive salary will be negotiated which will include a number of investment banking fringe benefits.

Please apply to J. R. V. Coutts, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1BG, tel: 01-242 5775. Between 7.30 pm and 9.30 pm, Anthony Jones, 01-348 3641.

**Career plan**

PERSONNEL CONSULTANTS

## Resource Decision Systems

Resource Decision Systems is a small, rapidly-growing firm of management consultants, specialising in the development of long-term strategies for clients, particularly in the natural resources and industrial sectors.

We are currently seeking several highly-motivated graduates to work as Associates with the firm. The ideal candidate will have proven numerical and analytical skills, an outstanding academic record and one or more years of post-graduation experience. Practical experience with computers and fluency in a major European language would be a distinct advantage.

Compensation for successful candidates will reflect the quality of the individuals and the demanding nature of the work.

Interested candidates should send their cv to:

Resource Decision Systems  
The Adelphi Building  
1-11 John Adam Street  
London WC2N 6BW

## DEALING

**NO 2 CORPORATE - DEALING TEAM**  
Experienced dealer for Management role  
£25-35,000 + Bonus

A large, highly motivated team is seeking an exciting phase of growth, including in asset and liability trading capacity and seeking to add a new financial instrument team. To do this is to build up a corporate team which provides strong services both on 'your' and 'their' side, and seeks to provide a corporate dealer who would be able to increase his responsibility to cover residential and development of staff, developing marketing strategies, and handling new products. The ideal candidate will be able to take the lead in the development of the team and to be a highly motivated team player.

Contact: Kevin Byrne

**CORPORATE F/X SALES**  
Graduate Traders...  
1-2 years' experience  
to £25,000 + Bonus

If your career is not moving fast enough, but you have already built up a good business understanding in a corporate dealing role, this role will offer a first class trading environment in one of the City's largest banks. It offers an excellent opportunity to work in an exciting performance related bonus scheme. If, however, you would merely like to review your position against the marketplace, we are able to assess salary levels in virtually every major bank.

Contact: Kevin Byrne

**Young deposits traders for... MONEY MARKETS TRADING**  
to £30,000 + substantial bonus

Our client, a major force in Treasury, has a money market and short term securities area and are still looking for Treasury and investment banking activities. It will have a wide brief to cover not only the bank's trading requirements, but a wide range of financial products ranging from simple deposits to Euro-commercial paper bonds. They seek bright young traders with some deposit trading experience. The ideal candidate should have a proven track record in U.K. equity bond trading and the ability to contribute directly to strategic investment decisions.

Contact: Kevin Byrne

Anderson, Squires Ltd., Bank Recruitment Specialists  
127 Cheapside, London EC2V 6BU

## INVESTMENT BANKING

**INTERNATIONAL CORPORATE FINANCE**  
Substantial salary + bonus

Our client is one of the largest international investment banks, an acknowledged leader in all forms of capital markets activity. Considerable experience of the 'top tier' is a definite asset. The successful candidate will be able to work in a highly competitive market, or international coverage business, will be of specific relevance. These appointments offer both challenge and excellent reward commensurate with our client's high standing in the investment banking community.

Contact: Jonathan Holmes

**CAPITAL MARKETS MARKETING**  
to £30,000

Our client is the investment banking arm of one of the world's leading financial institutions and a major player in the international Capital Markets. The candidate's position in the sales/marketing, has created the need for an innovative individual to join the bank's progressive marketing team. Ideally, the successful candidate will have an early career in a leading institution and a proven track record in all stages of the business development process. The successful candidate will take on early responsibility for deal origination and structuring. Applicants will be creative, ambitious graduates with a high level of motivation, and a strong background in the investment banking industry.

Contact: Anita Harris

**PORTFOLIO MANAGER**  
to £30,000

We are seeking a Fund Manager on behalf of a highly regarded British institution, to join an exciting investment team with overall responsibility for managing U.K. equity portfolio investing. The successful candidate will be able to work in a highly competitive market, or international coverage business, will be of specific relevance. These appointments offer both challenge and excellent reward commensurate with our client's high standing in the investment banking community.

Contact: Felicity Hother

**ACA FOR SWAPS**  
c.£23,000

This position has a key part to play within a very high profile area responsible for creating and trading swap transactions, on behalf of a leading financial institution. Working alongside the business, the successful candidate will be working on effective management of the swap business. The successful candidate should have a proven track record in U.K. equity bond trading and the ability to contribute directly to strategic investment decisions.

Contact: Felicity Hother

01-606 1706 Anderson, Squires

## Hoggett Bowers

### Equities Sales & Highly Neg.

In preparation for the 'Big Bang', this leading City institution seeks an experienced sales person. Applicants will ideally be graduates with a track record of at least two years in equities sales gained within a reputable firm of stockbrokers. An excellent remuneration package will be offered.

### Documentation Negotiation c£40,000

A major US financial institution wishes to recruit an exceptional individual to join their Capital Markets team. The candidate will be involved in financial and commercial paper activities and must have sound experience of negotiating documents. This is an exciting and demanding role.

### Financial Controls Manager c£50,000

A qualified accountant with several years' experience in a Financial Accounting/audit department of a bank is sought by this top City group. Experience of new product development and foreign currency products is essential and some exposure to stockbroking is desirable. The objective of this new position is to reduce control issues and efficiency opportunities.

### Eurobond Sales (Yen) £20,000 Bonus

A major securities house is increasing its Yen Eurobond team. Candidates must have had at least six months' sales or trading experience. Salary progression will be rapid for those who are successful.

### Investment Analyst (Bi-Lingual) & Neg

A well established international stockbroking firm has a vacancy for a highly qualified individual to join their investment team. The candidate will be involved in research, analysis and sales of securities. Fluency in French or German is desirable. The successful candidate will be responsible for a number of different sectors.

### Project Finance Executive c£21,000

A major North American bank wishes to recruit a graduate, aged 22-25, to its Project Finance team. The candidate should have a strong academic background, including experience of the energy sector. Candidates should be familiar with using state-of-the-art computing packages and will be responsible for the day to day management of existing client's accounts.

01-588 4305/6 Moorgate Hall, 153/157 Moorgate, LONDON EC2M 6BX.

## BANKING EXECUTIVE

Within Hill Samuel & Co. Limited the commercial banking division continues to expand. We currently require two executives to join the group responsible for all domestic and international industrial lending.

The group is responsible for the day to day control and marketing of a wide variety of borrowing customers. The range of transactions handled is not limited to conventional credit provision and straddles a range of leading edge merchant banking products. The executives chosen will be keen to work as members of a team where a key ability is to maintain a high professional standard while working under pressure.

Both candidates will be in their 20's, one will be a graduate who has received a good credit training, the other an AIB probably from a clearing bank. These appointments are career opportunities with good promotion prospects in an expanding business. Please send full details in strictest confidence to:

Mrs. A.W. Dunford, Senior Personnel Officer,  
Hill Samuel & Co. Limited, 100 Wood Street,  
London EC2P 2AJ



HILL SAMUEL & CO LIMITED

## INTERNATIONAL CAPITAL MARKETS

The Capital markets subsidiary of a major international bank wishes to recruit two additional people. They should be career minded individuals, with the ability to assume management roles in the near future. They will join an active Corporate Finance team, to provide analytical support to bond sales/trading, corporate finance and the development of new businesses. The roles are as follows:-

**ECONOMIST/ANALYST**- will work with the corporate finance and economics groups to provide bond market and economic research to support and enhance the bond and note sales activities. Strong communication skills and the ability to work independently are essential qualities, together with a post-graduate economics degree.

**FINANCIAL ANALYST**- Ideally an ACA with City/Financial Institution exposure, and a knowledge of PC based analytical software. Utilising these skills, the person appointed will provide analysis of specific bond issues to identify trading/arbitrage opportunities. The analyst will also be involved in developing business plans for further business expansion.

Both roles will lead to new product development positions within the Corporate Finance group.

APPLICATIONS IN CONFIDENCE TO:-

Roger Parker Organisation  
65, London Wall  
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CAPITAL MARKETS, FX AND TREASURY RECRUITMENT SPECIALISTS

## Legal Adviser

Kuwait Petroleum Corporation, which comprises a group of companies owned by the State of Kuwait engaging in integrated petroleum activities worldwide, has a position available for a Legal Adviser at its corporate headquarters in Kuwait. A qualified candidate must be able to demonstrate the following:

1. In-depth knowledge of all aspects of contract and business law, with a minimum of ten years legal experience associated with the commercial, financial and industrial activities of large companies or commercial entities, together with a sound knowledge of company law and group secretariat practice.
2. Competent experience in various types of agreements, contracts, negotiations, and other legal work normally required by multinational integrated petroleum companies.
3. Full command of spoken and written Arabic and English.
4. Ability to draft contracts, agreements, reports and minutes in both languages.

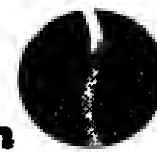
A compensation package and related benefits will be offered commensurate with qualifications and experience.

Interested candidates are invited to write in confidence, giving full details of academic background, career history to date, personal data, address and telephone number to:

Peter J Sims  
Kuwait Petroleum International  
80 New Bond Street  
London W1Y 9DA

Closing date for applications  
7th November 1986.

**Kuwait Petroleum Corporation**



## IBCA

### Requires Bank Rating Analysts and Trainees

IBCA is the leading European bank rating company providing reports on over 300 banks in 20 countries to major financial institutions worldwide, including central banks, international companies, commercial and investment banks. IBCA now needs additional analysts to:-

- Interview senior officers of foreign banks and regulatory authorities.
- Prepare high quality credit analysis reports.
- Advise clients on banks' creditworthiness.

Linguistic ability is an advantage. Previous experience as a bank credit analyst is not necessary but a financial background is desirable, e.g. CA, MBA or financial analysis. We also require trainees with a degree or, at least, a numerate background, who have the potential to become analysts. Salary commensurate with qualifications and experience will be offered to the successful applicants.

Please apply in writing enclosing CV to:

Box AG299, Financial Times  
10 Cannon Street, London EC4P 4BY

## Capital Markets Analyst

Reflecting the growth of new products and the increased complexity of the securities markets our clients, an international investment bank, are seeking a capital markets analyst. The successful candidate will have experience of using a wide range of analytical tools to evaluate Eurobonds, interest and currency swaps as well as other securities, and be able to demonstrate a sound understanding of market technicalities gained within a major banking organisation.

Additionally, candidates should be educated to at least 2nd degree level, be fluent in English plus at least 2 other European languages and will have gained experience in the financial markets of Europe and North America.

A competitive salary with generous benefits will be offered. Please send c.v. to: Jenny Clarke, PER, 4th Floor, Rex House, 4-12 Regent Street, London SW1Y 4PP.

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At the moment our Company Secretary is responsible for a whole range of Group functions from Treasury to telephones. Not surprisingly, in an expanding Group, he needs help, particularly on personnel admin, telecommunications and office services.

If you can demonstrate useful experience in these areas, particularly if you have or are studying ACIS, as well as the personality and ability to contribute to our Group, write in confidence to:  
Hamish Delves, Director,  
Houghton Sanderson Associates Limited,  
41 Eastcheap,  
London EC3M 1HX

Houghton Sanderson Associates Ltd



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SALES**

Our client is a major UK Stockbroker with a considerable international reputation. An outstanding opportunity has arisen for an ambitious young equity sales executive to join their highly successful New York office.

Interested applicants should have two years sales experience, ideally of Japanese securities, gained with a recognised name in the London market. In particular, applicants must be able to display the drive, enthusiasm and intelligence necessary to succeed in a challenging new environment.

It is envisaged that the remuneration package will be made very attractive to the successful candidate, including a high basic salary, bonuses, a housing allowance and other expatriate benefits.

To discuss this position further, in strictest confidence, please contact:  
**Christopher Lawless or Stuart Clifford.**

Financial Recruitment Specialists  
16-18 New Bridge St, London EC4V 6AU  
Telephone 01-583 0073

**Mortgage Manager**  
Diverse UK Financial Services Operation  
London Area **c£25,000 + Car + Benefits**

Our client, a subsidiary of one of the UK's largest banking institutions and an established name in the financial services sector is increasing its activities in the mortgage lending field.

A Mortgage Manager is sought capable of leading and developing the Credit Function of the Mortgage Division in the quality residential lending market. Reporting directly to Senior Management, duties will include heading the department responsible for the vetting, approval and administration of mortgage applications from respected intermediary sources; the authorisation of loan advances; liaison with the legal and survey professions and the management of related underwriting activities.

The successful candidate will have a proven track record in a mortgage lending environment with underwriting mandate experience and will have first class managerial, organisational and interpersonal skills.

This challenging and demanding role offers a highly competitive remuneration package and represents an excellent opportunity for rapid career progression within a forward thinking financial institution.

Interested applicants should contact Neil Nokes on 01-404 5751, or write to him, enclosing a comprehensive curriculum vitae, at Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality is assured.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
A member of Addison Consultancy Group PLC

**CJA**

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Applications are invited from candidates aged 28-38 who have acquired a minimum of 3 years' practical experience running a profit centre in the contract hire field in an organisation utilising modern control methods. The successful candidate will take responsibility for the development from early stages, of the contract hire business as a division within the company, which will involve the establishment of computerised administration systems, further product development and leading the market operation for a national network. The key qualities of commercial acumen and dedication, to develop and lead a successful new operation, are vital. Initial salary negotiable, £24,000-£32,000 + bonus + car, contributory pension, free life insurance, medical insurance, assistance with removal expenses, if necessary. Applications, in confidence, under reference MCH4445/FT to the Managing Director.

CAMPBELL-JONESTON ASSOCIATED MANAGEMENT RECRUITMENT CONSULTANTS LTD., 30 NEW BROAD STREET, LONDON EC2M 1NH.  
Telephone: 01-588 3588 or 01-588 3576. Telex: 887374. Fax: 01-256 8501.

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A thorough knowledge of financial markets including banking, insurance and investments would be a definite advantage.

To the ambitious professional with potential, these positions offer a high degree of responsibility and involvement. They represent a rare challenge with the opportunity for individual reward and career progression based on ability.

The salary is negotiable to £35,000. The benefits package includes non-contributory pension; free family BUPA; free health insurance; free life insurance (4 x salary); up to 41 days holiday p.a.; and employee share purchase scheme.

To find out more please forward your CV to CMG Management Consultancy Limited, 29 Queen Anne's Gate, London SW1H 9BU. Alternatively call Mr F Robinson or Mr P Jivrajani on 01-222 7007 (24 hour answering service).



**CMG**

**Jonathan Wren**

SYDNEY LONDON HONG KONG

**INVESTMENT ANALYST - MARKETING**  
**£22,000 +**

The expanding London operation of a major international stockbroker offers an outstanding opportunity for an enterprising young graduate investment analyst.

The successful individual will have a sound knowledge of UK equities, be skilled in marketing investment ideas to overseas clients and will quickly become a key member of this organisation. Contact Ann A. Winder.

**INVESTMENT ADVISER -  
NEW OPPORTUNITY**  
**c£20,000**

Our client is expanding its personal customer investor base to build on its major stockbroking capacity and unutilised contacts. We seek an additional account executive for their Watford office, who will have at least 3 years experience in the private clients department of a stockbroker, or as an investment adviser. Contact Mark Forrester.

**ASSISTANT UK PENSION  
FUND MANAGER**  
**£18,000 to £20,000**

The investment management subsidiary of a global banking group is seeking to recruit a young and ambitious junior UK fund manager with some dealing experience. It is expected that the successful applicant will quickly assume status as a full fund manager for a rapidly growing portfolio of corporate pension funds. A 'banking' benefits package is offered. Contact Roger Steare.

**Jonathan Wren**  
Recruitment Consultants  
No. 1 New Street (off Bishopsgate), London EC2M 4TP.  
Telephone: 01-623 1266

**Management  
Consultants**

**Remuneration in the Financial Sector**

Hay works with over 600 clients in the U.K. - and many times that number in 26 other countries - in developing and implementing remuneration management processes which reinforce their business strategy. Our assignments span most areas of reward and performance management. They involve assisting clients to establish clear objectives, design effective organisations, motivate and retain competent staff, develop people's potential, and measure performance.

Our City-based practice is growing and we need additional colleagues who can offer in-depth knowledge of one or more of the major financial sectors. This may have been gained, for instance, in line management, personnel or consultancy. Remuneration management experience is desirable. Candidates will probably be in their 30's, have a good honours degree, plus, ideally, a professional qualification or second degree, and an ability to develop and sustain relationships at the most senior level.

The package we offer includes a high base salary, car, free BUPA and a substantial profit-share. It should attract those who can make a significant impact on our financial sector practice, and who have the capacity to grow with it.

Please write - in confidence - quoting ref. B.15983 (and giving a daytime telephone number if possible) to Colin Bexon, Hay Management Consultants Limited, 52 Grosvenor Gardens, London SW1W 0AU.

**HayGroup**

**International Banking**

**SPOT DEALER** **c£25,000 + Car**  
Our client, within the "Top 100" International Banks, is expanding its FX activities to strengthen an already significant market presence, and require a dealer with a proven record, to trade a major currency.

**FINANCIAL FUTURES** **to £20,000**  
U.K. Merchant Bank, in the process of diversifying its dealing operations requires a person, aged early to mid 20's, to contribute financial futures expertise to an established professional dealing room.

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A well respected International Bank of substantial standing worldwide, has instructed us to introduce a top calibre deposit dealer to run a major book in deposits and forwards, and develop trading in new instruments.

**SPOT DEALER** **c£20,000**  
A major European Bank, requires a young person, with a good trading background in an active environment, to trade a major currency. Salary is highly negotiable according to experience.

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The expanding London Branch of a European Bank, within the world's "Top 120" offers an excellent opportunity to a person with at least one year's dealing experience and the ability to liaise effectively with corporate customers.

**EUROBOND DEALERS** **£neg**  
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BANK RECRUITMENT CONSULTANTS, TEL **01 628 4501** 57th LONDON WALL, LONDON EC3M 4EP

**Gordon Brown**

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Henderson Administration Group is the largest independent investment management group in the UK and now manages over £5.0bn worldwide. Henderson Financial Management is the subsidiary which offers discretionary investment management (and related services) for private individuals.

Along with the rest of the Group, H.F.M. has expanded rapidly in the last few years and the private portfolios managed now exceed £300m.

Resulting from this expansion we wish to recruit a number of additional Asset Managers.

Each Henderson client has a personal Asset Manager - one person who represents the company to a number of clients.

The Asset Manager's job is to study a client's financial affairs and objectives, agree an overall plan, liaise with the Investment Managers in implementing the plan and to review performance with the client through regular written reports and meetings.

Our existing Asset Managers have backgrounds in Accountancy, Law, Banking, Stockbroking and Insurance.

If you have had recent experience of personal investment planning and have the appropriate professional background, we should like to hear from you.

An attractive remuneration package will reflect the importance of these positions.

Applicants should write in strict confidence to D.J. Browne, enclosing a comprehensive CV and daytime telephone number.

**HENDERSON FINANCIAL MANAGEMENT LTD.**  
26 Finsbury Square, London EC2A 1DA.

**CAPITAL MARKETS PRODUCT**

**DEVELOPMENT EXECUTIVE**

**c. £22,000** **23-27**

A leading City-based Merchant Bank seeks a numerate graduate with two to three years' training in Investment Banking. The position involves working with the Capital Markets teams, analysing and developing business proposals. A knowledge of IBM PC-based software would also be most useful. Contact John Lord on 01-977 8105 or David Jones on 0444 452209 or write to them at:

The City Resourcing Partnership  
266 Bishopsgate, London EC2M 4QX

**Hoggett Bowers**  
Executive Search and Selection Consultants

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**Assistant Actuary To £30,000, Car**

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**Graduate Trainees To £11,000**

**Plus Excellent Benefits Package**

Our client, part of one of the world's largest and most well established corporations within the insurance and financial services industry, offers policies in all major categories of long term or life insurance and continues to develop innovative products. Within the UK there are currently 800 employees in 30 offices and the Company has assets in excess of £800 million.

For the senior position you will probably be a recently qualified Actuary. You will have a sound knowledge of actuarial techniques which you will be expected to apply to a wide range of activities in Life and Pensions, both product maintenance and development. You will require to have effective communications skills to enable you to become a key member of the Company's management team and to contribute to decisions that are vital to the success of the organisation.

For posts at other levels you will have active involvement in many areas as you succeed in your examinations. These may well include product design and pricing, the formulation of strategies for market penetration and marketing support, the design and review of business plans, the provision of actuarial advice, valuations, management reporting and opportunities for staff management.

For the immediate positions, our client requires a minimum of passes of all Institute of Actuaries 'A' subjects or their equivalent. Graduate trainees may be direct from University or already be making progress in either the Institute or the Faculty of Actuaries examinations.

Male or female candidates should submit in confidence a comprehensive CV or biography for a Personal History Form to M. Stein, Hoggett Bowers plc, 1/2 Hanover Street, LONDON, W1R 9WB, 01-234 6852, quoting Ref: 8023/FT.



# MANAGER

Computer Security and Audit  
c. £30,000, Executive Car,  
Substantial Benefits

Our client is a major, City based, financial services group whose history of substantial growth to a position of pre-eminence in the UK's Unit Trust Life and Pensions markets is testimony to the success, and consistent high performance, of its managed funds.

Reporting to the Financial Director, the appointee will have overall responsibility for safeguarding the Group's business interests against the consequences of loss, damage or malpractice, in their advanced, IBM mainframe, computer environment. Specifically this will involve the management of all computer security software, advising systems development staff on the incorporation of audit checks in systems design and validating computer systems and files through software based audit tools. Periodic audits of the Group's risk management and disaster recovery plans, maintenance of a high level of physical security and assuring the integrity of the Group's data network, are equally important dimensions of the role.

You should be a computer security professional with a broad background encompassing both physical and systems security. Technically competent, you should be conversant with computer security software, preferably RACF, and software audit tools. Ideally you should be familiar with a large scale IBM operating environment and possess on-line systems design experience with the emphasis upon audit controls. A background in the financial services sector is advantageous, but is in no way a pre-requisite.

In addition to the salary as indicated, the appointee will enjoy the immediate benefits of free medical insurance, subsidised mortgage and an excellent pension scheme. A number of valuable, deferred benefits, become due after appropriate service.

To apply, please send a CV, or write or telephone for an application form, to The Director, Executive Search and Selection Division at the address below, quoting Ref. GF1428.



BIS Applied Systems Limited,  
20 Upper Ground,  
London SE1 9PN,  
Tel: 01-633 0866.

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Thomas Cook, the travel company; Clydesdale and Northern, the Group's Scottish and Irish banks; International Banking dealing with clients worldwide; Corporate Banking serving major businesses; Group Management Services which provides a massive resource of IT and computing skills; and of course Midland the high-street bank - each looking to turn today's top graduates into tomorrow's top managers.

With all these successful businesses to

choose from, career development possibilities are outstanding. Throughout our activities we look for the best talent, and opportunities are usually open to good honours graduates in any discipline, although for some specific roles we do look for an appropriate degree.

The Midland Group brochures, with details of all training and career opportunities, are available from your careers office, along with a special graduate video and information about our programme of university and polytechnic visits.

Alternatively, you can write for details to: The Manager, Midland Group Recruitment and Development Office, Buchanan House, 24-30 Holborn, London EC1N 2HY.



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## Financial Analyst

Our client, one of the country's leading breweries, is going through a period of exciting change, making the need for accurate and consistent financial information more important than ever.

Based at their head office in Reading, you will be involved in co-ordinating the company's financial approach, designing efficient new systems for their operating regions, and undertaking some analysis and ad hoc project work.

It's a challenging role for a recently qualified Accountant with strong microcomputer skills, ideally gained on IBM equipment.

You'll be expected to use your initiative, to present your ideas to regional and head office management,

and make those affected enthusiastic about the changes you're making. An out-going personality and good communication skills are essential, and a sense of humour will help you cope with the pressures involved.

Living with the Company's various locations you will soon get to know the Managers and gain a good understanding of how the company operates. Your achievements will be noticed, and they'll reward you well. You'll start on an excellent salary, that's open to negotiation, and receive a comprehensive package of company benefits.

For full details, please send your C.V. to: Mark Mahoney, Moxon Dolphin & Kerby Limited, 178-202 Great Portland Street, London W1N 6J, quoting Ref: 4438.



## Manager Gilt and Fixed Interest Operations Salary Negotiable

One of the prime UK investment/merchant banking groups seeks a Manager, Operations, to join the Gilt and Fixed Interest Department of its asset management company. Currently, all operations/administration are handled centrally and it will therefore be the successful applicant's job to establish this group as an independent unit. Initially, there will be a high computing content.

Candidates, preferably in their late 20's to mid 30's, should have extensive experience of valuations and settlements within a well known organisation, or have a sound background in computer-based securities. Strength of character and a good degree of self-motivation are required. Man-management skills are essential, as is the ability to deal with clients in a professional and competent manner.

Those interested in an excellent career opportunity with this successful major financial institution should contact Kate Syms on 01-404 5751, or write to her, enclosing a comprehensive CV at 39-41 Parker Street, London WC2B 5LH, quoting ref. 3686.



**Michael Page City**

International Recruitment Consultants - London Brussels New York Paris Sydney  
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## Stock Beech

### Key Research Opportunities

Our research and institutional team in Bristol specialise in West Country equities, media & advertising and selected engineering stocks. Already the largest stockbroking firm based in the South West, we are extending our activities, including market making in many of the companies we follow.

For the research team, we need an experienced analyst with the ability to research in depth, or alternatively a genuine flair for developing a rapport with fund managers, from a research base.

He or she will have particular responsibility for capital goods within our specialisations.

This is a challenging opportunity to play a major role in a lively research operation. Attractive salary and benefits package.

#### Contact:

Barrie Newton, Stock Beech & Co Ltd,  
Bristol & West Building, Bristol BS1 4DD.  
Tel 0272-20051

#### Research

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A United Kingdom investment subsidiary of a large overseas insurance company seeks an additional investment specialist to help manage global funds.

Working within a small team the role will demand a broad understanding of fixed interest instruments and equities from UK, Europe, Japan and N. America.

Excellent chance to join a progressive investment company where results are well rewarded.

Contact Nick Root or Timothy R. Wilkes on 01-404 5751, or write to them at the Investment Division, Michael Page City, 39-41 Parker Street, London WC2B 5LH. Strict confidentiality assured.



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International Recruitment Consultants - London Brussels New York Paris Sydney  
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## Britannic Assurance

### Assistant Company Secretary and Pension Fund Administrator

Britannic Assurance PLC is seeking a Chartered Secretary as assistant secretary to the company and administrator for its pension fund.

This is a senior position at the company's head office in Birmingham. The successful applicant is expected to have had at least 5 years post qualification experience and to be fully competent in all aspects of company secretarial work and pension fund administration. Responsibilities will include all matters relating to company legislation and Stock Exchange and pension fund regulations. This position will provide a challenging career opportunity with an attractive remuneration package including a contributory pension scheme, concessional mortgage facilities and a car provision scheme.

Applications including a full CV should be sent to:

Mr. J.A. Jefferson, FCA  
Director and General Manager  
Britannic Assurance PLC  
Moor Green  
Moseley  
Birmingham B13 8QF

## FOREIGN EXCHANGE

c. £25k + Car + Profit-related bonus

Our client, a well respected, major U.S. organisation, is seeking to expand its dealing operation. Ideal candidates will be aged 25+ with several years' experience on a corporate desk. She/he will have had some risk exposure combined with EMS, charting, etc.

The freedom, flexibility, challenge and general quality of life offered by our client make this an exceptional opportunity for any individual to design, structure and manage their own operation. All enquiries will be treated in the strictest confidence.

For more information please ring our Consultant: Ingrid Jones on 01-278 4141 or Aircall 887 3939 ext. 3802 (24 hours a day)

We are an equal opportunity employer and this position is open to both males and females.

## INVESTMENT OFFICER

An international organisation seeks an Investment Officer for its Headquarters in New York City to manage a portfolio of \$800 million held in 25 currencies. Applications are invited from individuals possessing a postgraduate degree in finance, economics, accounting or equivalent business experience, as well as at least five years work experience, of which a minimum of three years should be international banking, currency trading or money market operations. Applicant should have demonstrated ability to work in an international environment and with staff members of different nationalities.

Initial contract duration one year. Excellent benefits package. Salary commensurate with qualifications/experience. Application quoting references should be addressed to: P.O. Box 2124, Department 187, Grand Central Station, New York, NY 10163. We are an equal opportunity employer m/f/h/v.

## PORTMAN BANKING

Due to continued expansion this well-known European Bank has an excellent career opportunity for an ambitious Credit Analyst with two years Corporate experience. The successful candidate will be a graduate in his/her early to mid 20s who recently has undergone a full training programme and is now looking to progress. Working in their international team you will be responsible for the development of existing business together with research and marketing to potential clients.

For further details please contact Carol Stevens  
Portman Recruitment Services Limited

Tel: 01-234 1113

## INTERNATIONAL CONSULTANCY BASED IN OXFORD SEES ECONOMIST

In applied economics on policy-oriented issues. Should have master's degree in economics or very good first degree and two years' working experience. Preference given to candidates with knowledge of one or more of the following areas: International Economics, Trade, Money, Banking, The Middle East, Asia-Pacific. Salary negotiable. Write with CV to the Managing Director, Oxford Analytical Services Daily Brief, 82, New Inn Field Street, OX1 2DA.

## Leasing and Asset Finance Executive

c. £22,000 + Car + Benefits

We are a young, City-based finance company within the Svenska Handelsbanken Group, Stockholm, a substantial and respected European Banking Group. We specialise in UK Leasing, Hire Purchase, Block Discounting and Cross-border asset-based transactions.

We wish to recruit an executive with considerable leasing and asset finance experience to market our services and assist with the administration of the existing portfolio. Applicants, aged 25-35, should have experience obtaining and evaluating business and the accounting, administration and documentation procedures.

Please send your curriculum vitae, in confidence, to:

Andrew Bell, Director  
SVENSKA FINANS (UK) LIMITED  
38 Gresham Street, London EC2V 7LP  
Tel: 01-696 1667



# Back Office Management

City of London c£50,000 package

This is an outstanding opportunity for a highly motivated, self-confident and effective manager, with Stock Exchange experience to join a remarkably successful stockbroker with an unusual mix of specialist and principal interests. Their computerised office processes a wide variety of UK and international Security transactions and is being actively developed.

You will be responsible for the financial back office functions—working in partnership with a small team in maintaining and developing the financial and liquidity controls appropriate to the rapidly moving business climate prevailing after the 'Big Bang'.

You must be prepared to work under pressure with initiative, flair and a dedication to excellent client service. The ability to communicate and delegate is paramount and computer literacy will be a great advantage.

Suitably experienced men and women should send adequate details and salary in *Absolute Confidence* with a daytime telephone number to Terry Fuller, quoting reference LM22, Spicer and Pegler Associates, Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP. Alternatively, he can be telephoned outside office hours on 01-693 3739.



Spicer and Pegler Associates  
Management Services

## Money Broking

A major international securities house requires a senior person for its Money Broking operation in London.

The individual will be known to and respected by both the money market and the securities houses. He/she will have first class money markets experience, good awareness of gilts and equity trading and will have demonstrated above average management ability.

The remuneration and benefits will reflect the vital importance of this unique opportunity.

Please apply in absolute confidence to:

Jonathan Baines  
Baines Gwinner, 1 Gracechurch Street  
London ECV 0DD

01-283 9801

SCOTTISH WIDOWS' FUND  
AND LIFE ASSURANCE  
SOCIETY

### INVESTMENT ANALYST

- Challenging job with a small, highly-professional team.
- Attractive remuneration package.
- Excellent career prospects.
- Considerable scope for personal responsibility.
- Edinburgh location.

The successful applicant is likely to be an Honours graduate or be professionally qualified and aged under 30, preferably with some experience of this type of analysis. Applications, giving full details of qualifications and career to date, to:

The Staff Manager  
SCOTTISH WIDOWS' FUND & LIFE  
ASSURANCE SOCIETY  
15 Dalkeith Road, Edinburgh EH16 5BU

#### TRAINEE BROKER

A vacancy has arisen for a Trainee Broker. The successful applicant will be about 22-25 years old, hard working and presentable. No previous experience necessary as full training given.

For a confidential interview:  
TELEPHONE STEVE YOUNG  
081 499 8030

#### Foreign Exchange Dealer

Skilful young communicator with good degree in mathematics/economics. Bright innovative decision-maker with well qualified professional background in stockbroking, accounting and mathematics. Flexible, motivated team player with appropriate public image.  
Write Box 20301, Financial Times  
10 Cannon St, London EC4P 4EY  
or Tel: 01-377 3573

## Commodity Traders

Our client, the London based Commodity Trading subsidiary of an International Group, is actively seeking two additional Traders as part of its planned programme of expansion.

The successful candidates for these interesting posts will be dynamic self starters, aged 28-40, with at least five years' experience of International Trade preferably from origin.

Experience of commodities such as cocoa, sugar, grains, animalfeeds, spices or food chemicals would be of particular interest, but Traders with knowledge of other products which would complement the company's existing activities, would be considered.

These positions carry highly competitive salary packages.

For further information please contact **Trish Collins** on **01-481 3188** in complete confidence.

CHARTERHOUSE  
APPOINTMENTS

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If you are interested, please send details of yourself and your career history, including present salary and benefits to:

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SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Wednesday October 15 1986

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**Setback for Chase in third quarter**

**By Our New York Correspondent**  
**CHASE MANHATTAN** Corporation, parent of the third biggest US bank, yesterday reported an 8 per cent drop in third quarter net income to \$1.3bn due to a sharp increase in loan loss provisions and a \$30m charge to cover cuts in the group's domestic and overseas office network.

The dip in Chase's profits came on a day when several of its rivals posted higher earnings. J.P. Morgan's third quarter net income rose by \$2.1m to \$211.5m, and Irving Bank Corporation, another small New York rival, increased its earnings by 12 per cent to \$32.6m.

On the west coast, Security Pacific reported an 18.9 per cent rise in its third quarter net income to \$89.9m, and First Chicago, which is recovering from a period of erratic earnings, posted a 25 per cent rise in third quarter net income to \$72.3m.

Yesterday's bank results reflected a larger regional banks outperforming the bigger money centre banks whose earnings continue to be hit by the need to make big loan loss provisions.

The decline in Chase's earnings came despite a \$60m after-tax gain on the sale of a data processing subsidiary, and reflects the group's efforts to strengthen its loan loss reserves. Although the group's provision for loan losses rose by \$60m in the latest quarter its net loan charge-offs of \$115m were only \$45m higher than a year ago.

Chase has also used its latest third quarter to take a \$30m charge to cover "selective reductions in Chase's domestic and overseas office network." The group said yesterday that it had not yet announced the cuts and refused to say which units would be affected. However, a spokesman said that he thought up to 1,000 jobs out of a worldwide workforce of 47,000 might be affected. He refused to say whether the cuts would come through voluntary means or would include involuntary redundancies.

J.P. Morgan, parent of Morgan Guaranty Trust Company, said that its earnings per share in the third quarter fell by 2 cents to \$2.29 a share. The group said that the principal reason for the fall in earnings between the second and third quarters was a reduction of \$47.5m in net investment securities gains.

For the nine months, net income per share rose 25.7 per cent to \$7.43 a share. Morgan said its earnings reflected increases in non-interest operating income, higher net interest earnings and decreases in the provision for possible credit losses. These factors were partly offset by increases in other non-interest operating expenses and taxes.

**Kaiser sharply reduces loss from aluminium**  
**By Our New York Staff**

**KAISER** Aluminium & Chemical, the third biggest US aluminium producer, has sharply reduced its losses both for the third quarter and the first nine months of the year.

The group attributed the improvement to increased fabricated aluminium production and shipments, as well as continued reductions in operating costs in the aluminium division.

The third quarter loss was cut from \$21.1m or 50 cents a share to \$2.2m or 7 cents. The deficit in nine months fell to \$24.8m or 63 cents a share from \$78.7m or \$1.88.

Net income for the fourth quarter rose 47 per cent to \$32.9m, or 51 cents a share, compared to \$22.4m or 36 cents a share for the same period a year ago. Fourth-quarter sales of \$510.8m were 35 per cent up from \$409.7m last year.

For the 1986 fiscal year ending September 28 net income increased

totaling nearly FFr 3bn between 1981 and 1983.

First half sales rose by 3.5 per cent to FFr 15.77bn but the group expects a substantial rise in billings during the second half largely as a result of its big Saudi Arabian defence contracts.

At the end of last June, total orders amounted to FFr 68.8bn, compared with FFr 74.5bn at the same time last year. The group's main defence equipment and defence electronic systems division continues to be buoyed by its strong order book as a result of a series of large inter-

national contracts, including the Rita programme for the US army.

Mr Aubin confirmed that the company's electronics components and semiconductor businesses would continue to lose money this year. However, losses are expected to be less than the FFr 300m this division last year. Mr Aubin said the company was still hoping to see this division become profitable next year.

Mr Aubin also said that Thomson CSF's former loss-making medical division was expected to report a profit of about FFr 100m this year.

Thomson CSF's cash flow in the first half increased to FFr 2.2bn, from FFr 1.1bn in the same period last year.

Thomson CSF's total indebtedness declined to FFr 8.3bn at the end of last June from FFr 9.78bn at the end of 1985 and FFr 11.578bn at the end of June last year. As a result of the strong growth of cash and marketable securities on the company's books, net indebtedness stood at FFr 1.062bn at the end of last June, compared with FFr 7.5bn at the end of last year.

Operating profit in control systems also fell, but in aerospace and defence operating profit rose sharply.

At the nine-month stage the group earned \$94.7m or \$2.11 a share, against \$154.4m or \$3.38 a share last time. Sales for the quarter edged ahead to \$1.66bn from \$1.57bn, and for the nine months to \$4.9bn from \$4.6bn.

Total orders for the group were up in the quarter, with aerospace and defence doing well. Computer orders increased both in the US and international markets.

**Honeywell blames market for fall**  
**BY OUR NEW YORK STAFF**

**HONEYWELL**, the third largest US mainframe computer manufacturer, has blamed the continuing weakness in the US computer and industrial markets for a sharp decline in third-quarter earnings.

The group, which last month announced it was seeking to combine its information systems business with NEC of Japan and Bull of France, earned \$32.4m or 74 cents a share for the quarter, compared with \$55.7m or \$1.24 for the same period last year.

The latest quarter includes \$8.4m or 14 cents a share in charges relat-

ed to the reduction of jobs in the group's computer and controls operations in Phoenix, announced in August.

Mr Edison Spencer, chairman and chief executive, said the near-term outlook in US computer and control spending markets continued to be uncertain.

Operating profit for the information systems was down sharply in the quarter, he said. Operating profit from control products declined as a result of production delays in the company's semiconductor operations.

**Apple Computer doubles earnings**  
**BY LOUISE KEHOE IN SAN FRANCISCO**

**APPLE** Computer, the US personal computer manufacturer, more than doubled its earnings during 1986 in first sales, the company reports yesterday.

Net income for the fourth quarter rose 47 per cent to \$32.9m, or 51 cents a share, compared to \$22.4m or 36 cents a share for the same period a year ago. Fourth-quarter sales of \$510.8m were 35 per cent up from \$409.7m last year.

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**Coca-Cola unveils plan for \$1.5bn share sale**

**BY WILLIAM HALL IN NEW YORK**

**COCA-COLA**, the US soft drinks group, yesterday unveiled plans for what is likely to be the biggest initial public stock issue in US history and disclosed details of a \$1.5bn offering of a 51 per cent stake in its big domestic bottling operations.

Coca-Cola Enterprises, the largest bottler of Coca-Cola soft drinks products in the world, yesterday announced that it had filed a registration statement with the US Securities and Exchange Commission for an initial public offering of 71.4m common shares at an estimated price of between \$21 and \$24 per share.

The prospectus estimates that Coca-Cola will raise \$1.54bn from the sale, assuming an offering price of \$22.50 and assuming the US underwriters' over-allotment option is not exercised. The proceeds will be used to reduce the debt that Coca-Cola incurred during its recent \$2.6bn acquisition of JTL Bottlers and Beatrice Bottlers.

Coca-Cola announced last month that it was merging these two large independent bottling companies

with its own bottling operations and planned to spin off majority control of the newly formed Coca-Cola Enterprises to the public.

Coca-Cola Enterprises estimates that total US soft drinks sales by bottlers and fountain wholesalers were \$45bn or 8.5bn equivalent cases. In 1985 Coca-Cola Enterprises sold the equivalent of 800m cases of soft drink products.

According to pro forma combined financial data contained in the prospectus, Coca-Cola Enterprises earned \$11.2m on sales of \$1.57bn in the first half of 1986. This compares with a loss of \$3.2m on sales of \$1.4bn in the same period of last year.

The pro forma balance sheet for the new group shows stockholders equity of \$1.8bn, total assets of \$3.7bn and long-term debt of \$1.9bn.

Coca-Cola, which will retain a 49 per cent stake in the group, said that it believes a "stable, well financed bottler system with long-term growth objectives is in the

best interests of both the Coca-Cola Company and the bottlers of its soft drink products, whether or not the Coca-Cola Company has an ownership interest in any such bottlers."

Since 1979 Coca-Cola has assisted in the transfer of ownership or restructuring of a majority of its US bottler operations.

Of the 71.4m shares being offered, 60.6m shares are initially being offered in the US and Canada and 10.7m shares are initially being offered outside North America, not taking into account an over-allotment option of 5m shares. Upon completion of the offering, which is expected to take place next month, Coca-Cola will continue to own 68.8m shares.

The North American offering will be co-managed by Allen & Co, First Boston, Salomon Brothers and Shearson Lehman Brothers. The international offering will be managed by a group of underwriters including Credit Suisse First Boston, Allen & Co, Commerzbank, Hoare Govett and Nomura International.

**Time, International Thomson to buy SFN publishing units**

**BY OUR NEW YORK STAFF**

**SFN**, a publishing and communications group privatised in a \$423m buyout early last year, has agreed in principle to sell South-Western Publishing to Time Inc. and South-Western Publishing to International Thomson Organisation for approximately \$210m.

Scott Foresman is one of the largest publishers of textbooks in the US, with most of its sales - estimated at \$200m this year - coming in the elementary and high school markets. South-Western Publishing is the leading supplier of business education materials, particularly in the accounting, typewriting, business law and mathematics fields.

SFN is owned by a group of investors consisting of venture banking affiliates of E.M. Warburg, Pincus & Company, Halmark Cards and members of SFN management. The group said both proposed disposals, as well as plans to sell other SFN operating companies, were prompted by changes in US tax laws due to take effect on January 1. SFN is seeking to complete both sales before the close of this year.

Mr Jack Purcell, chairman of SFN, said of the major restructur-

ing: "We deeply regret that a combination of recent circumstances has compelled the owners to relinquish their long-term commitment to this fine group of companies. The nature and level of the offers received, the quality of the buyers and the serious implications of recent tax law changes all led to the restructuring we have reluctantly announced."

After the proposed sales - but before the year end - it is intended that SFN will be completely liquidated and its assets, including any remaining operating companies, and liabilities will be transferred to a liquidating trust and/or partnership.

Time, the largest US publishing, magazine and cable television group, said it had been seeking for some time to expand its presence in educational publishing - the fastest growing and most profitable sector of the book industry. Scott Foresman was a perfect fit with its other publishing interests, which include Time-Life books and Book of the Month Club.

Bernard Simon adds from Toronto: International Thomson Organisation, the publishing, travel and en-

ergy group controlled by the Toronto-based Thomson family, announced the acquisition of two Boston-based business publishing and research companies at the same time as it disclosed the agreement to buy South-Western Publishing from SFN.

The two Boston publishers are Technical Data Corporation, whose products include financial information and microcomputer software for institutional investors, and Business Research Corporation, a leading business data base designer. BRC produces Investor, an on-line data base containing the text of securities analysts' research reports.

IIO declined to disclose the purchase price for TDC and BRC, but the two companies are considerably smaller than South-Western Publishing.

The three acquisitions announced yesterday are in line with IIO's policy over the past five years of expanding its North American publishing interests to lower dependence on its volatile North Sea oil and gas business. The proposed purchase of South-Western for US\$270m is IIO's biggest publishing acquisition in the US.

**Apple Computer doubles earnings**

**BY LOUISE KEHOE IN SAN FRANCISCO**

**APPLE** Computer, the US personal computer manufacturer, more than doubled its earnings during 1986 in first sales, the company reports yesterday.

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**Mystery stake in Banco Central**

**By David White in Madrid**

**A PRIVATE** Kuwaiti group is believed to be behind the purchase of a stake of almost 5 per cent in Banco Central, one of Spain's two top commercial banks.

The Pta 14.4bn (\$110m) operation, made through a Swiss concern, GSM Securities Management, involves the largest single shareholding in Banco Central, whose shares are traded in London, Paris, Frankfurt and New York as well as on Spanish exchanges.

The shares were bought from Española de Inversiones, a portfolio company which is itself almost wholly owned by Banco Central. The investment is part of a plan to adapt this company to new legislation governing investment funds.

The bank, which chose to negotiate a block sale rather than offload the shares on the stock market, confirmed that more than 4 per cent of its equity capital had been sold to the Swiss group, but would not say on whose behalf the purchase was made.

Under the terms of the deal, the purchaser will not be able to claim a seat on the Banco Central board and cannot sell the shareholding for two years. If the shares are sold after that period, the bank has the right of first refusal.

The deal, negotiated over a period of several weeks and made through the Barcelona stock market, involves 3.47m shares priced at Pta 4,150 per share, or 830 per cent of their Pta 500 nominal value. This compares with a recent market price of around 670 per cent.

On the Madrid stock exchange yesterday, Banco Central's shares moved up 20 per cent to 690 per cent of nominal.

The purchase is roughly equivalent to the total previous foreign shareholding in the bank, which has assets of around Pta 2,600bn, a network of over 2,000 branches, and important industrial holdings.

**Nordstjernan takes first steps towards flotation**

**BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM**

**NORDSTJERNAN**, Sweden's largest privately owned company which for nearly 100 years has been owned by the Johnson family, one of Sweden's most powerful industrial dynasties, has taken the first steps towards a stock market flotation.

The group, the 12th largest industrial concern in Sweden with annual sales of around SKr 18bn (\$2.6bn) and a workforce of some 20,000, has run into serious financial problems in recent years. It is undergoing a far-reaching restructuring, which has already involved the disposal of around 50 operating units with total sales of some SKr 4.4bn since the beginning of 1985.

The group is anxious to open up new sources for raising capital, but Mr Bo Arsson Johnson, executive chairman of the group, said yesterday that an introduction onto the exchange "may come into question only when Nordstjernan can meet the financial requirements of a listed company."

A meeting of the company's present owners - 94.8 per cent of the votes in the company are controlled by a family foundation - agreed yesterday to rule changes which open the way for a stock market introduction. As a first step to broad-

en the group's ownership Nordstjernan is issuing a SKr 125m convertible debenture loan to key senior executives and current board members and owners.

The debentures may be converted into shares after four years at the earliest. Mr Arsson Johnson said it had become "desirable to spread ownership in the long-term."

Mr Bertt Magnusson, chief executive, said that additional restructuring measures would have to be carried out before a stock exchange introduction could be made. "Our earnings and solidity have to improve," he said.

Nordstjernan is engaged in a number of industries which have become crisis sectors in recent years. Its main operations are in shipping (Johnson Line), construction (JCC), special steel (Avesta), retailing (NK) and engineering.

The group has suffered from poor profitability for more than a decade and in 1984 slumped to a major loss before tax and appropriations of SKr 487m. Last year it just managed to break even with a pre-tax profit of SKr 11m on a turnover of SKr 17.6bn.

By the end of last year the company's solidity (equity to debt ratio) had plunged to a dangerously low

12 per cent and its balance sheet will have to be strengthened considerably before a stock market launch can take effect.

Nordstjernan had previously sought to float Avesta, its special steels subsidiary, on the stock market in 1984. But that offer had to be withdrawn when the company had drastically to reduce the profit forecasts published in the offer prospectus.

In an interim report issued yesterday Avesta showed that it had staged a considerable recovery in the first eight months of 1986, achieving profits (after financial items) of SKr 122m compared with a loss of SKr 38m in the same period last year.

Sales dropped slightly to SKr 3,367bn from SKr 3,736bn a year earlier.

Avesta said that demand had been strong, in particular for cold-rolled sheet, and prices for raw materials were significantly lower than a year earlier.

The company said that profits for the full year were expected to exceed SKr 200m. Mr Gunnar Engman, Avesta chairman and group chief executive, said that profits should be around SKr 400m - SKr 500m within two to three years.

**Transatlantic reports SKr 18m shortfall for first eight months**

**BY SARA WEBB IN STOCKHOLM**

**TRANSATLANTIC**, the Swedish liner shipping group, reported a loss of SKr 18m (\$2.6m) after financial items for the first eight months against a profit of SKr 31m in the same period last year.

Group operating income fell 27 per cent to SKr 1,703bn, against SKr 2,345bn last year. Transatlantic blamed the falling dollar, pressure on prices and a decrease in volume - which stemmed from structural changes in liner traffic as well as from reduced business with South

Africa. Sweden no longer allows the import of South African agricultural products.

Transatlantic has sold all its shares in Medro (which owned four roll on/roll off ships) and in two other vessels. But it will charter these vessels and so expects an increase in operating costs.

The group blamed increased competition for its lower profits in the Transocean business.

Earnings before allocations and taxes were up 43 per cent at SKr 43m against SKr 30m last year, boosted chiefly by the sale of assets.

This announcement appears as a matter of record only.

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September 1986





# Coutts & Co

Coutts & Co. announce that their Base Rate is increased from 10.00% to 11.00% per annum with effect from the 15th October, 1986 until further notice.

All facilities (including regulated consumer credit agreements) with a rate linked to Coutts Base Rate will be varied accordingly.

The Deposit Rates on monies subject to seven days' notice of withdrawal are as follows:-

7.00% per annum Gross\*  
5.00% per annum Net (the Gross Equivalent of which is 7.04% per annum to a basic rate tax payer).

Rates are subject to variation and interest is paid half-yearly in June and December.

\*Not ordinarily available to individuals who are U.K. residents

440 Strand, London, WC2R 0QS



# National Westminster Bank PLC

NatWest announces that with effect from Wednesday, 15th October, 1986, its Base Rate is increased from 10.00% to 11.00% per annum.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to NatWest Base Rate will be varied accordingly.

41 Lothbury London EC2P 2BP



With effect from the close of business on Tuesday 14th October 1986 and until further notice, TSB Base Rate is increased from 10% p.a. to 11% p.a.

All facilities (including regulated consumer credit agreements) with a rate of interest linked to TSB Base Rate will be varied accordingly.

TSB Group plc, 25 Milk Street, London EC2V 8LU.

# Hill Samuel Base Rate

With effect from the close of business on 15th October, 1986, Hill Samuel's Base Rate for lending will be increased from 10% to 11% per annum

DEMAND DEPOSIT ACCOUNTS

Depositors not liable to deduction for basic rate tax  
6.69% per annum gross  
Depositors liable to deduction for basic rate tax  
5% per annum net  
7.04% per annum gross equivalent  
Interest to be paid quarterly and rates are subject to variation



Hill Samuel & Co. Limited  
100 Wood Street, London EC2P 2AL  
Telephone: 01-628 8011

## Contracts & Tenders

### INVITATION FOR APPLICATIONS

The Council of Europe is inviting applications for a restricted invitation to tender for a COMPETITION TO OBSERVE AND INSTALL NEW LIGHTING IN THE CHAMBER OF THE PALAIS DE L'EUROPE IN STRASBOURG

The purpose of the invitation is to tender for the replacement of the existing lighting by new, modern and aesthetic lighting which is easy to maintain and provides optimum conditions for colour television filming.

Applications should be sent by registered post to the following address before 20th October 1986: Council of Europe, Technical Services Division, Palais de l'Europe, Avenue de l'Europe, BP 43190, F-67008 Strasbourg Cedex.

- The consultation documents will be sent out (in French only) by 30th October 1986 at the latest.
- Full business name, business address and telephone number
- The address of this factory or workshop
- The date when the firm was founded or, in the case of a public limited liability company, the date of its registration
- The name and address of its bank
- Details of the nominal capital and the paid-up capital in the case of a public limited liability company
- The total number of administrative staff and factory staff
- Attested membership of social security funds and the proof of contributions
- Experience
- Reference for similar work

## Company Notices

### FIDELITY WORLD FUND

Société d'Investissement à Capital Variable  
Luxembourg, 37, rue Notre-Dame  
L.C. Luxembourg 3 9497

Dividend Notice  
A dividend of US\$0.15 per share will be paid on or after October 20, 1986, to shareholders of record on September 30, 1986, against surrender of coupon n° 11.

By order of the Board of Directors

Paying Agent:  
Lombard S.A. Luxembourg  
41, boulevard Royal, L-2955 Luxembourg

### SOCIETE NATIONALE EMPRUNT OBLIGATAIRE

FrF 150,000,000  
21% 1978-1988

Use Assemblée Générale des Obligataires de l'Emprunt OBLIGATAIRE...  
Assemblée Générale pour le 19 Septembre 1986 aux Bureaux de la Société Nationale de Paris (Luxembourg) SA, 24, rue de la Liberté, Luxembourg, 14 heures avec le ministre de l'Économie.

ORDRE DU JOUR  
1. Suppression dans les conditions de l'Emprunt de l'article 2 de la section dénommée "Conditions de remboursement et de rachat".

2. Divers.  
Avant, abouti à un procès verbal de séance, le quorum s'agissant de la section dénommée "Conditions de remboursement et de rachat" n'étant pas atteint, les obligations de la Société Nationale de Paris (Luxembourg) SA, 24, rue de la Liberté, Luxembourg, le 24 Octobre 1986 à 14 heures avec le ministre de l'Économie.

La Représentation Fidéliciaire des Obligataires BANQUE NATIONALE DE PARIS (Luxembourg) SA

### INTERNATIONAL DEPOSITARY TRUST COMPANY

A cash distribution of \$0.125 per share will be made on or after October 15, 1986, to shareholders of record on October 1, 1986.

The distribution is in respect of the quarterly dividend payable on the common shares of the company, which are listed on the New York Stock Exchange under the name of International Depositary Trust Company.

## Shots & Fishing

### STRUTT & PARKER

### PHEASANT SHOOTING IN HOME COUNTIES

We have a few days for parties of 7/8 guns still to let in November and December 1986. Dates available are for 150/250 Pheasants at prices ranging from £11 to £12.50 per bird on expected bag.

Please apply: JHH/15 for further details Tel: 01-629 7222

# INTL. COMPANIES and FINANCE

## Coopers and Lybrand sued over bank losses

BY DAVID DODWELL IN HONG KONG AND HUGO DIXON IN LONDON

OVERSEAS TRUST BANK, which has been under Hong Kong Government control since it collapsed in June last year, is suing Coopers and Lybrand, the bank's former auditor, for damages amounting to HK\$30 million in connection with bank losses in the financial year ended June 1986. In writ issued last Friday naming Coopers and Lybrand (Hong Kong) and three UK-based partners in the accounting firm, the Overseas Trust Bank (OTB) alleges that Coopers and Lybrand was responsible for negligence that resulted in a "substantial proportion" of bank losses in that year. Mr Charles Gough, Coopers and Lybrand's senior partner in the UK and one of the three people named in the writ, said yesterday: "It is a Hong Kong matter and has nothing to do with the UK. The action will be vigorously resisted."

## Pioneer Concrete bids for rest of Ampol

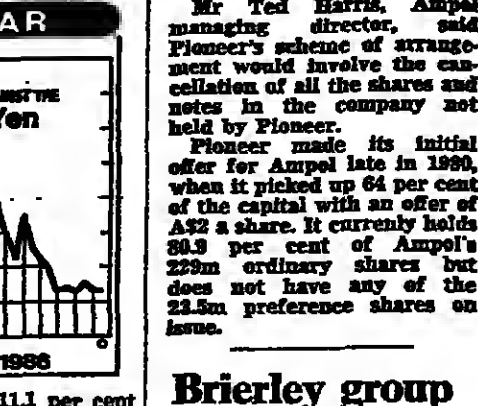
By Robert Kennedy in Sydney

PIONEER CONCRETE Services has proposed to take 100 per cent of Ampol, the Australian oil producer and explorer, with an effective AS190m (US\$121m) bid for the outstanding 19.1 per cent. Under the terms of the Pioneer proposal, the second in six years, it would offer AS2 each for the remaining ordinary shares and convertible notes in Ampol and AS2 each for the preference shares. The offer price represents a 30 per cent premium on Ampol's earlier share market price of AS2.30, about 13 times its recently reported AS7.12m 1985-86 profit and compares with net asset backing of AS2.29 a unit. However, it is a timely move given that world oil prices are currently depressed. Pioneer plans to convert Ampol into a wholly owned subsidiary through the implementation of a scheme of arrangement rather than a straight takeover offer, which will need the approval of the courts. Mr Ted Harris, Ampol managing director, said Pioneer's scheme of arrangement would involve the cancellation of all the shares and notes in the company not held by Pioneer. Pioneer made its initial offer for Ampol late in 1980, when it picked up 64 per cent of the capital with an offer of AS2 a share. It currently holds 22.5m ordinary shares but does not have any of the 22.5m preference shares on issue.

## Japanese company profits expected to fall 10-15%

BY GORDON GRAMS IN TOKYO

CORPORATE PROFITS in Japan will show a decline of between 10 and 15 per cent in the current financial year, according to forecasts released recently by the country's big four securities houses. The downturn now expected for the year which ends next March is steeper than the four had earlier predicted. A poor first half is thought likely, however, to be followed by a slight recovery, and service industries remain a bright spot. Export dependent manufacturers are expected to fare worse than the rest of the economy of the yen erodes earnings from abroad. Makers in key sectors such as cars and electronics have adopted a variety of measures to mitigate the effects of the stronger currency—ranging from dollar price marking to shifting more production overseas—but results of this are unlikely to show before the year-end. Most have also accepted lower profit margins outside Japan in an attempt to maintain market share. Nomura Research Institute, the research arm of the largest Japanese broker, says "it constituted the largest cause of their profit declines." For Japanese industry as a whole, the securities houses forecast an average fall in pre-tax profits of at least 10.5 per cent (Nomura) and up to 14.5 per cent (Daiwa Securities). Nikko and Yamachi, the other



two, agree on an 11.1 per cent decline. However, this masks earnings gains of 10 per cent or more expected for the non-manufacturing sector. Electric utilities should benefit strongly from cheaper oil imports, while the securities companies themselves should purely gain from the booming Tokyo equity market.

## 'Three blessings' boost Korean earnings

COMBINED EARNINGS of 24 state-run South Korean companies during the first half of this year were 335.2bn won (about \$578m), up 25.8 per cent from the year-earlier period, while sales were 4.56 trillion (million-million) won, up 15.4 per cent, according to the country's Economic Planning Board, AP-JB reports from Seoul.

Earnings and sales during the first half of last year were 268.6bn won and 3.96 trillion won, respectively. A board official said South Korea's self-proclaimed "three blessings"—low oil prices, low interest rates, and a low currency value against the yen—have helped the state-run companies improve sales and earnings. He cited reduced non-operating expenses, such as overheads, as another factor that helped boost profits. Non-operating expenses were down 3.1 per cent from the year-earlier period, helped mainly by improved management structure. Korea Electric Power, posted the largest sales and earnings among the 24 companies, with 1.71 trillion won in sales, a 7.2 per cent increase from a year earlier, and 162.2bn won in earnings, a 30.9 per cent increase from a year earlier. The Korea Telecommunications Authority had second highest earnings, with 88.2bn won, a 14.3 per cent increase from a year earlier, followed by the Korea Development Bank, which turned its deficit from the first half of 1985 into profits of 14.9bn won this year.

## Bahrain move to set up stock exchange

BAHRAIN'S CABINET is expected to give the go-ahead by the end of December for the Gulf state's first full stock exchange in an effort to enhance its status as a major regional financial centre, West reports from Bahrain.

Mr Fawzi Behdad, stock exchange adviser at the Commerce and Agriculture Ministry, said a trading floor for the exchange would be opened soon after new legislation had been sanctioned. "We are waiting for the decision of the Ministerial Legal Committee..."

## Two S. African mines cut gold recovery grades

HIGHER RAND gold prices prompted Consolidated Modderfontein and South Roopefontein to reduce gold recovery grades sharply during the quarter ended September. Ore reserves at the two veteran mines, which were reconstituted in recent years by junior mining group golden dumps, are particularly susceptible to gold price movements.

Consolidated Modderfontein cut its gold recovery grade to 4.01 grammes per ton (g/t) in the quarter from the June quarter's 5.27 g/t as the rand gold price increased to R 30,947 per kilogramme from R 25,039. The quarter's revenue from gold dropped to R 19.1m (\$3.5m) from R 20.1m. Capital expenditure absorbed R 4.9m of the quarter's R 10m after-tax profit. South Roopefontein's recovery grade dropped to 3.73 g/t from 4.14 g/t, while the average gold price received rose to R 30,659 kg from R 23,589 kg. Revenue from gold increased to R 9.4m from 8.2m.

### ANGLIA BUILDING SOCIETY

(Incorporated in England under the Building Societies Act of 1874)

£100,000,000  
Floating Rate Notes Due January 1988

Notice is hereby given that the Notes will bear interest at 11% per annum for the interest period 14 October, 1986 to 14 January, 1987.

Interest payable on the relevant interest payment date, 14 January, 1987 will amount to £138-63 per £5,000 Note and £6,931.51 per £250,000 Note.

Agent Bank:  
Morgan Guaranty Trust Company of New York  
London

### Wells Fargo & Company

U.S. \$100,000,000  
Floating Rate Subordinated Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that for the interest period 15th October, 1986 to 15th January, 1987 the Notes will carry an interest rate of 6.64% per annum.

Interest payable on the relevant interest payment date 15th January, 1987 will amount to US\$156.39 per US\$10,000 Note and US\$782.64 per US\$30,000 Note.

Agent Bank:  
Morgan Guaranty Trust Company of New York  
London

### US\$200,000,000 Guaranteed Floating Rate Notes

Repayable to the Option of the Holder at year Commencing October 1982

### Citicorp Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)  
Unconditionally guaranteed by CITICORP

Notice is hereby given that the Rate of Interest has been fixed at 5 3/4% and that the interest payable on the relevant interest payment date, January 15, 1987 against Coupon No. 27 in respect of US\$10,000 nominal of the Notes will be US\$146.94.

October 15, 1986 London  
By Citibank, N.A. (CSI Dept.), Agent Bank CITIBANK

### U.S.\$75,000,000

### The Bank of New York Overseas Finance N.V.

(Incorporated with limited liability in the Netherlands Antilles)  
Guaranteed Floating Rate Subordinated Notes due January 1986

Unconditionally Guaranteed, on a Subordinated Basis, as to Payment of Principal and Interest by The Bank of New York Company, Inc. (Incorporated in New York, USA)

Notice is hereby given that the Rate of Interest has been fixed at 5 3/4% per annum and that the interest payable on the relevant interest payment date, January 15, 1987, against Coupon No. 12 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$131.74.

October 15, 1986, London  
By Citibank, N.A. (CSI Dept.), Reference Agent CITIBANK

## LONDON AND ARAB INVESTMENTS LIMITED

Are pleased to announce an increase of Authorized Share Capital to £12 million, of which new and existing Shareholders have already subscribed £5.4 million (fully paid-up). In addition the new and existing Shareholders have agreed to subscribe, by 24 November 1986, further Capital of £2.7 million which will make a total of £8.1 million fully paid-up.

Among the new Shareholders are Société Bancaire Arabe, Paris, who have a 10% holding.

The information given has been approved by THE BOARD OF DIRECTORS

- Mr. Rashid Zaehani Chairman and Managing Director (Formerly Chairman of Arab Bankers Association, Group General Manager of European Arab Bank)
- Mr. Mustapha Jassid Deputy Chairman and Director (Vice President and General Manager of Société Bancaire Arabe S.A., Paris)
- Mr. Robert de Beauvoir Director (President of Société Bancaire Arabe, S.A., Paris)
- Mr. Mohamed Kacache Director
- Mr. Sami Mahas Director
- Mr. Mansour Ojjeh Director
- Mr. Kamel Ali Saleh Director
- Mr. Edwin Roberts Director and Company Secretary

SENIOR MANAGEMENT  
Mr. Rashid Zaehani Managing Director  
Mr. Alfred J. Stevens Deputy General Manager  
Mr. Nigel H. Gatten Manager, Credit and Loans  
Mr. Desmond Healy Manager, Foreign Exchange  
Mr. Ray Howell Administration Manager

38 Upper Grosvenor Street, London W1X 0AH  
Telephone: 01-493 5012 Telex: 24350



INTERNATIONAL CAPITAL MARKETS and COMPANIES

Tightly priced fixed-rate issue for Nordic bank

BY HAIG SIMONIAN

A TIGHTLY-PRICED fixed-rate issue for Nordic Investment Bank (NIB) was the main talking point on an otherwise quiet day in the Euro-markets that also saw three new floating-rate notes (FRNs) and a small Ecu issue. Trading was described as directionless.

The \$100m, 7 per cent NIB bond, priced at 100 1/4, was led by US Securities. At about 50 basis points above US Treasuries, the issue was seen as being too tightly priced. Although NIB is triple A-rated, moreover, terms compared handsily with NIB's earlier \$150m bond.

INTERNATIONAL BONDS

Four basis point selling concession. The transaction is a three basis point issue. Chase Manhattan led a \$300m offer for Banco Exterior Internacional, guaranteed by Banco Exterior de Spain, issued at par, the paper has a 15-year maturity and pays interest at six-month Libor. There is an investor put option at par after 10 years.

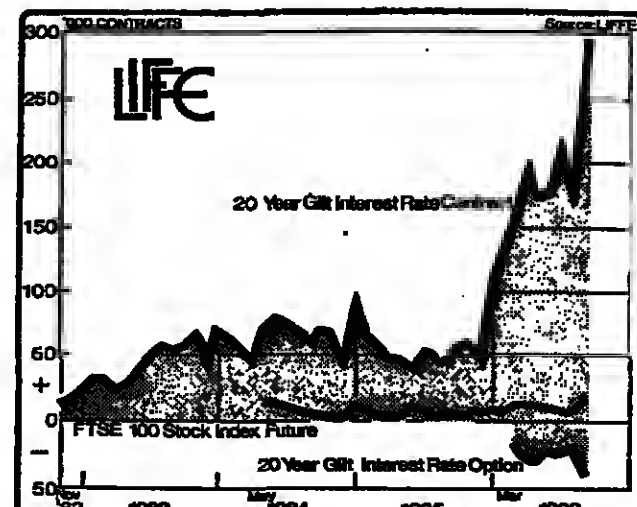
par. Fees amount to 25 basis points for management and underwriting and there is a 25 basis point selling concession. The Ecu deal of the day came from Banque Internationale a Luxembourg (BIL), which led its own \$1 per cent Ecu 30m and underwriting and there is a 25 basis point selling concession.

ahead of the revolution in the cash market later this month. "The anticipation of Big Bang was clearly seen on the Life market as long gilt futures recorded another single day record on September 24, when 19,320 contracts were traded," says Mr Williamson. Add to that the volatility has been a feature of the long end of the cash market in gilt for much of this year—making hedging more attractive—and Life's higher volumes should raise few eyebrows.

growth of Footsie," Mr Jenkins admits. Unlike their counterparts in America, where stock index futures and options are among the hottest contracts on offer, British fund managers have not been falling over themselves to use Footsie.

more money to be made under the old fixed commission system selling clients individual lines of shares than from Footsie futures. Life officials hope that will all start to change after October 27. Single capacity will mean that stockbrokers will be taking much bigger risks than in the past. Although their exposures will be in individual lines of stock, "they may still feel the need to hedge general market risk rather than specific risk," says Mr Jenkins.

Liffe has embarked on an active marketing campaign to capture stockbrokers' business. Rather than waiting for them to pipe up, the exchange is arranging seminars and demonstrations in brokers' offices to show how its products can be used.



Multi-tranche bond from Austria

BY PATRICK BLUM IN VIENNA

THE AUSTRIAN Government is launching a Sch 4.5bn (\$521m) multi-tranche bond today. Although it is a domestic issue, foreign investors can buy the bonds which are on offer until Friday.

giving a yield of 7.04 per cent, and the third tranche is for 15 years with a coupon of 7.25 per cent priced at 99.5 per cent giving a yield of 7.3 per cent.

country's hard currency policy. He said that the budget deficit, which is seen as a long-term threat to Austria's hard currency policy, will remain at 5.1 per cent of gross domestic product in 1987, roughly the same as is expected this year.

Tokyo may ease loan loss rules

BY OUR TOKYO STAFF

JAPAN'S Ministry of Finance is considering raising the tax allowance on loan loss provisions by banks with exposure to countries with debt problems, in order to encourage them to contribute new money under International Monetary Fund-sponsored rescue schemes.

Japanese share rally boosts Tokkin funds

BY YOKO SHIBATA IN TOKYO

INVESTMENTS routed through Tokkin funds, and the number of Tokkin accounts, have expanded rapidly on the strength of this year's strong rally on the Japanese stock market.

enactment last May of a new law on investment advisers, aimed at protecting investors better and cutting down fraud. The MoF will start accepting applications for licences next month. Under the new law, there will be a two-tier structure consisting of authorised investment managers, who will be allowed to handle clients' portfolios on a discretionary basis, and investment advisers whose role will be more limited one but who will need only to register with the MoF.

in deciding which category it will assign to individual companies. In the interim, the majority of investment firms appear to have concluded that the size of their outstanding assets under management will be the crucial factor in their obtaining an authorised management licence.

subsidaries in order to boost their totals of funds outstanding. The MoF has begun interviewing investment companies applying for licences in order to examine their performance in the shake-out of the stock market last month. Some Tokkin funds placed in trust accounts by cash-rich industrial companies and financial institutions are reported to have suffered heavy losses during the market's precipitous fall in mid-September, and the authorities are expected to put pressure on the candidates for the new licences to refrain from putting clients into speculative investments.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on October 14

Table with columns for Country, Issuer, Maturity, Coupon, Price, Yield, and Change. Includes sections for US Dollars, Sterling, Swiss Francs, and other currencies.

Spain to cut foreign debt by \$7.6bn

BY OUR MADRID STAFF

SPAIN will reduce its foreign debt by at least \$7.6bn this year and seek no fresh financing in the international capital markets in the second half of the year.

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This announcement appears as a matter of record only.



## Heron Corporation PLC

**£50,000,000 and US \$75,000,000  
10 Year Unsecured Syndicated Loans**

**Sterling Loan Providers**

- |                                      |                                       |
|--------------------------------------|---------------------------------------|
| <b>Bank of Scotland</b>              | <b>Barclays Bank Group</b>            |
| <b>Lloyds Bank Plc</b>               | <b>Midland Bank plc</b>               |
| <b>National Westminster Bank PLC</b> | <b>The Royal Bank of Scotland plc</b> |
| <b>Banco de Bilbao S.A.</b>          | <b>Banco di Roma</b>                  |

**Dollar Loan Providers**

- |   |   |
|---|---|
| <b>Bank of America NT &amp; SA</b>                        | <b>Bank of Montreal</b>                   |
| <b>Barclays de Zoete Wedd Limited</b>                     | <b>Canadian Imperial Bank of Commerce</b> |
| <b>Credit Lyonnais, London Branch</b>                     | <b>Credit Suisse</b>                      |
| <b>Deutsche Bank Aktiengesellschaft<br/>London Branch</b> | <b>First National Bank of Boston</b>      |
| <b>Manufacturers Hanover Trust Company</b>                | <b>The Royal Bank of Canada</b>           |
| <b>Swiss Bank Corporation</b>                             | <b>The Tokai Bank, Limited</b>            |

**Westpac Banking Corporation**

arranged and managed by



**BARCLAYS de ZOETE WEDD**

October 1986

## Deutsche Mark Bonds

From the leading German state-owned lending institution

**Prime Quality (AAA)**  
Aaa

**High Degree of Liquidity**

**Eligibility for special purposes**

Finding a secure investment for you and your clients is never easy. KfW would like to suggest you take a look at its Deutsche Mark Bonds and Notes as an investment of prime quality and high liquidity.

It is a major source of long-term funds mainly for German industry. It issues highest quality Bonds, Notes and Schuldscheine. Last year alone it issued over DM 8.5 billion of Bonds and other debt instruments.

KfW is one of Germany's largest banking institutions.

**Prime Quality**

The Federal Republic of Germany owns 80% of KfW. 20% lie with the German Federal states. By virtue of a special law it enjoys the full backing of one of the world's leading industrial nations.

Nearly all loans are secured by Federal or State guarantee, pledge of mortgage or by commercial bank guarantees.

**KfW Kreditanstalt für Wiederaufbau**

Backed by the strength and faith of the Federal Republic of Germany

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## INTL. COMPANIES and FINANCE

### BANK SHARE SALE CAPTURES PORTUGUESE IMAGINATION

# Sleepy market wakes to a rush

BY DIANA SMITH IN LISBON

QUEUES formed overnight in Lisbon and Oporto. Hundreds of people camped out or slept in their cars, anxious to head the line for the first public issue of shares in the 18-month-old Banco Portugueso de Investimentos (BPI).

BPI, which started in 1981 as an investment company with 100 prominent private businessmen, decided to increase its capital this year by going public. The public rushed to the bank's Lisbon and Oporto offices for shares issued at Es 4,000 each that leapt in a few days to Es 12,000 each.

The rush for BPI shares was the most recent and spectacular side-show on a scene that in the past two years has changed from a quiet, almost sleepy mini-capital with few stocks or bonds on offer, to an expanding, diversifying exchange.

There is now a larger supply of stocks and bonds. Businessmen are opting for company tax relief for enterprises that go public and

shareholders benefit from tax relief on dividends.

Shares available on the market are also diversifying because more sophisticated Portuguese capitalists have begun to understand that the old style of closed, paternalistic capital and management is not the best formula for a country now trying to compete within the EEC.

For years only 23 companies were listed on the Lisbon Stock Exchange. This year the number has grown to 30. On the unlisted securities exchange, 28 companies are now quoted.

The value of January-September share dealings in Lisbon has expanded compared with the same period of 1985. Last year in nine months, Es 401m (\$2.78m) of transactions took place. In the first nine months of 1986 this soared to Es 4.4bn.

At the beginning of 1984 the stock market index stood at 101. A year later it had risen to 196, and at the

end of August this year it stood at 221.

New institutions and instruments have stimulated growth on the capital market. Medium-term bonds that were nowhere five years ago have snowballed. Both private and public sector enterprises are raising funds on a market where bond transactions grew from Es 5.78bn in January-September 1985 to Es 17bn this year.

Money is shifting from term deposits, the traditional haven of Portugal's savers, which with high interest rates overburdened the nationalised banking system, to the capital market.

Investment companies, which have been around for four years, and new unit trusts (mutual funds) are attracting clusters of clients in search of diversified income. The first unit trust to enter the market (in June), Fundo Invest, has increased the value of its portfolio five times in four months.

Meanwhile Banco Totta e Acores, having turned round from a bank in a shaky, undercapitalised state to a fourfold capital increase and drastically slashed unprofitable or irrelevant assets or activities, is the latest institution to seek a piece of the capital market action.

Banco Totta with insurance companies - Portugal's major institutional investors - and Glubank, is setting up a hybrid between a mutual fund and portfolio management company. It is also waiting for the Finance Minister to authorise the issue of "participation bonds" - part medium-term bonds, part dividend-paying shares.

All this feverish activity comes about a decade after stock markets were shut in the wake of the 1974 coup and a period when investing or making money was considered decadent. Sophisticated operators in international capital markets now view Lisbon and Oporto's markets as interesting, if still modest, opportunities.

## Severe setback for United Technologies

BY DAVID BLACKWELL IN NEW YORK

UNITED Technologies, the US manufacturer of Pratt & Whitney aircraft engines and Sikorsky helicopters, suffered a severe setback in the third quarter, with net earnings falling to \$108.2m compared with \$147.5m from continuing operations last time.

Mr Robert Daniell, president and chief executive, attributed the setback to "operating difficulties at the controls group and the defence and space systems group."

At the per share level, earnings fell to 80 cents from \$1.08. A loss from discontinued operations of \$183.1m put the final net figure for the 1985 quarter \$45.6m in the red.

Nine-month earnings were well down at \$300.7m, or \$2.17 a share, against earnings from continuing operations last time of \$470.5m or \$3.51 a share. A loss from discontin-

ued operations of \$323.7m left a final net profit of \$146.6m.

Sales for the quarter moved ahead to \$3.8bn from \$3.4bn, and for the nine months to \$11.3bn from \$10.8bn.

Mr Daniell said sales and profits in the aircraft engine sector were up significantly on the continued strength of the commercial spares business. Carrier, the group's air conditioning subsidiary, was ahead on increased volume for air conditioners in North America, coupled with cost-reduction efforts, he said.

Last month the group announced that Mr Daniell would replace Mr Harry Gray as chairman when Mr Gray retires at the end of the year. Mr Gray, who joined the diversified manufacturing group 15 years ago, engineered a string of acquisitions

North American quarterly results, Page 37

## Western warns of loss after big write-down

BY OUR NEW YORK STAFF

WESTERN Company of North America, a troubled oil services group based in Fort Worth, Texas, is to take a third-quarter write-down of between \$175m and \$200m on its cashless oilfield service equipment and offshore drilling rigs.

This will leave the company with a net loss in the quarter "substantially in excess" of this year's second-quarter deficit of \$78.5m. In the 1985 third quarter Western lost \$87m on sales of \$119.9m.

Mr H. K. Chiles, chairman and chief executive, said the company

had had to assess its ability to cover the carrying costs of its offshore and offshore operating equipment over their remaining useful lives because of continuing depressed markets.

"As a result, it was determined that a portion of such assets should be written down to levels considered realisable in future periods," he said.

The group is also continuing discussions with institutional lenders on restructuring its debt.

## Zehnder share offering

BY JOHN WICKS IN ZURICH

ZEHNDER Holding, the Swiss industrial concern, is to go partially public, offering 10,000 new bearer shares to the market for subscription over-the-market trading in Zurich and Geneva.

The parent company, hitherto in family hands, created the shares earlier this month to raise capital from Sfr 8m (\$8m) to Sfr 17m. The Sfr 500-denomination shares

are now being offered via a banking consortium headed by Credit Suisse at a unit price of Sfr 2,000, thus raising Sfr 30m of new funds.

The Zehnder group last year recorded turnover of Sfr 122.5m and group earnings of Sfr 3.9m. The holding company booked net profits of Sfr 3.6m for the year ended June 30 1986, and increased its dividend from 10 to 12 per cent.

## Mediobanca achieves 34% earnings gain

BY JOHN WYLES IN ROME

MEDIOBANCA, Italy's strongest and most influential merchant bank, will be reporting net profits 34 per cent higher at L1,172.8m (\$128m) to a shareholders' meeting later this month.

The 1985-86 annual report, for the year ending June 30, reveals that the bank has raised its reserves to cover credit risks from L59.2bn to L70.97bn.

Mediobanca, which is 57 per cent owned by IRI, the state holding company, has extensive holdings in Italian private companies.

The report reveals that during the past year the bank has reduced its holdings in Montedison, the

chemicals giant, from 12.73 per cent to 4.05 per cent and in Gamitalia, a Fiat controlled holding company, from 20.67 per cent to 13.57 per cent. Since June, holdings in Pirelli have fallen from 11.1 per cent to 7.57 per cent.

New holdings include 4.99 per cent in Italomobiliare and 3.39 per cent of Fiat's ordinary capital and 1.02 per cent of its preference shares.

The bank's underwriting activities were much more active during the year involving issues totalling L4,460bn compared with L1,800bn in the previous year.

## CCF drops bid to wind up Tung company

CRÉDIT Commercial de France (CCF), the French state-controlled bank, has agreed to abandon its efforts to liquidate Orient Overseas, the publicly quoted arm of C. H. Tung, the troubled Hong Kong shipping group. AP-DJ reports from Hong Kong.

In return for withdrawing its winding up petition, CCF and other unsecured creditors will see an improvement in the terms being offered to them under the proposed restructuring of the Tung group's US\$2.8bn debts. CCF, to which Tung owes about US\$10m, is a relatively minor creditor.

With the removal of the CCF petition, the modified version of the Tung group's restructuring will be ready for a final review within the next few weeks by its 150 creditors, all of whom must agree to the plan before it can be implemented.

The proposed restructuring, which includes Orient Overseas and the privately-held companies in the Tung group, would reorganise the shipping interests into four new divisions.

## Forbo plans new issue

BY OUR ZURICH CORRESPONDENT

FORBO, the Swiss-based wall and floor coverings group, is to raise a total of Sfr 43.65m (\$27m) by the issue of registered shares.

The 30,000 new shares, which will be entitled to dividend from January 1 1986, will be offered by a consortium led by Union Bank of Switzerland at Sfr 1.455 each.

The sale is covered by a decision of the May shareholders' meeting to approve issue of 60,000 registered shares at the board's discretion.

## Strong gains for Corning Glass Works

BY OUR FINANCIAL STAFF

CORNING Glass Works, the US special glasses producer, achieved strong growth in third quarter operating net profit. For the 16 weeks earnings reached \$46.6m, or \$1.05 a share, up from \$9.7m, or 23 cents, on sales \$74.5m ahead at \$549m.

For the 46 weeks operating net profit jumped to \$135.3m, or \$3.10, from \$79.1m, or \$1.87, on sales of \$1,422m, compared with \$1,292m.

The latest three month figures excluded tax credits of \$1.8m, compared with \$900,000 a year ago. For the nine months the gain was \$2.7m against \$4.7m.



**Korea Electric Power Corporation**

**US\$50,000,000**  
Floating Rate Notes due 1993

In accordance with the terms and conditions of the above notes, notice is hereby given that for the 6-month interest period from 15th October, 1986 to 15th April 1987 (182 days), the notes will carry an interest rate of 6 1/4% per annum. The interest payable on the next interest payment date, 15th April 1987, will be US\$741.32 per US\$250,000 nominal amount and US\$309.65 per US\$10,000 nominal amount.

Agent Bank:



**Lloyds Asia Limited**



# UK COMPANY NEWS

## New Zealand company seeks stake in PHIT

By PAUL CHESEBROUGH, PROPERTY CORRESPONDENT

APEX GROUP, a New Zealand investment company, is making a 100p share tender offer for up to 25.5 per cent of the equity in Property Holding and Investment Trust (PHIT), which has just fought off a takeover attempt by Greycoat Group.

It is thus prepared to spend \$37.47m on building a stake in a London property company which over the past five years has shown a steady but modest growth in income and in the year to last March earned net profits of £4.6m.

Disclosure of the tender offer yesterday set off hectic trading in the PHIT shares, which rose from 145p to 165p before settling at 155p.

The Apex offer contrasts with the abortive Greycoat bid, made by a mixture of shares and paper, which put a value of 134p on the PHIT shares.

Apex Group is 48 per cent owned by Kupe Investments, another New Zealand company. Both are quoted on the New Zealand exchanges and are in the process of merging.

The main shareholder in PHIT is Pearl Assurance with 18.8 per cent of the equity and Pearl is said to have played a significant part in helping ward off the Greycoat bid. But no comment was available from PHIT yesterday on how it would view New Zealand interests as shareholders.

However, it was noted in the City that the Apex offer looked like an attempt to gain control by the backdoor. It was also observed that the offer was unusual to the extent that it contained a vague promise of further payments for shareholders accepting the tender offer.

"The tender offer may also at a later date become entitled to a top-up payment in certain circumstances," according to County Bank, which is acting for Apex.

PHIT is a property company which has made its living through investment for rental income. At the end of its last financial year it had property valued at £161m of which £80m covered offices and £82.2m covered retail property.

## Charles Batchelor details the Gunn succession to the Cayzers B & C looks for youthful revival

IT HAS taken Mr John Gunn less than a year to rise to the top at British & Commonwealth Shipping. Through his City office he still hangs with all portings depicting B & C's glorious past-time past Mr Gunn has emerged decisively as the man who will direct its future.



Mr John Gunn, seated, newly-appointed chief executive of British and Commonwealth Shipping, with three new members of the board, from left to right, Mr Charles Cary-Elwes, Mr Julian Lee and Mr Peter Goldie

His appointment as chief executive has answered many of the questions that have been raised in recent months about his role at the company. He joined as a director last November after his abrupt departure from Exco International, the phenomenally successful money broker group he founded in 1979.

It also marks the end of the Cayzer family's domination of the company they founded in the early years of this century. Executive control at B & C has passed through the hands of four Cayzers culminating in the current chairman, the 70-year-old Lord Cayzer.

Lord Cayzer, who remains in office, is a prominent supporter of the Tory party and a grandson of Sir Charles Cayzer, the founder of Clan Line Steamers, from which B & C is descended.

The family owns nearly 50 per cent of B & C mainly through a complex web of holding companies. However, in a move no less momentous than the decision to appoint a non-Cayzer as chief executive, the family has agreed to allow shares to be issued to finance acquisitions, accepting that shareholding may have to be diluted.

"This is a dramatic change," Mr Gunn said yesterday. "It is an historic moment for the company. The family in effect are saying 'Do it for us.' It's a bit like what happened at Guinness when the family stepped back."

The Cayzer years have been marked by some shrewd investments with the group moving out of shipping when that went into decline, into air travel in the early 1960s, and in recent years into financial services.

But as the Cayzer line lengthened, the B & C grew, much of the vitality was lost. By the 1970s and 1980s the

company had become a hotch-potch of (admittedly often successful) investments. Many analysts regarded it as an investment trust and its shares traded below their asset value.

Its profitability came to depend more and more on the performance of affiliates rather than subsidiaries. Associate companies contributed £51.2m to group pre-tax profits of £76.8m in 1985.

Shortly after Mr Gunn joined the board last November he began to put together the financial services firm he had planned at Exco but was prevented from assembling by what he saw as the cautiousness of his board colleagues.

His first venture was to inject \$40m into Kaines Holdings, a commodity venture.

This was followed in quick succession by the consolidation of links with Abcon Investments, a fast-growing professional services group; the estab-

lishment of a joint hotel venture with Royal Resorts International of Monaco, and the purchase of control of Stock Beach, a Bristol stockbroker, and Woodchester Investments, an Irish leasing company.

Despite the constant activity the question remained. What was Mr Gunn's place within B & C given the long-term dominance of the Cayzers? It was clearly troubling Mr Gunn and his fellow board members (five of them Cayzers).

Three months ago the talking started in earnest, initiated, Mr Gunn said, by the other members of the board. "There was no pitch," he said. "There was a lot of deliberation but nobody's nose was put out of joint."

Mr Gunn had a strong hand. Since joining B & C he had received a string of approaches from financial services groups and headhunters keen to poach his City expertise. For their

## Leeds Group buying printer

Leeds Group, the textiles processor and yarn seller, is to buy Eidenmew, a company whose sole trading subsidiary is Walsden Printing, for a maximum of £4m.

Walsden prints woven and knitted fabrics. It had net assets of £941,000 last December and recorded pre-tax profits of £450,000 in 1985.

Its sale is conditional on Eidenmew showing pre-tax profits of £500,000 in the first nine months of 1986.

Value of the sale depends on Walsden's future profitability. On completion, expected next month, £1.79m is payable. This will comprise £1.41m cash, with a loan note alternative, and £380,000 in Leeds ordinary shares.

The vendors, the present management, who bought Walsden in March, will be paid £500,000 at the beginning of December in the year 1987 and 1988. They may be entitled to a final payment in December 1989 depending on profitability.

**YEARLINGS** — The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, down 1/2 of a percentage point, and compared with 11 1/2 per cent a year ago. The bonds are issued at par and are redeemable on October 21, 1987. A full list of issues will be published tomorrow.

## Advertising revenue puts TV-am well ahead at £4m

By ALICE RAWSTHORN

TV-am, the breakfast television channel which joined the United Securities Market in July, yesterday unveiled a surge in pre-tax profits to £3.97m in the first half of the year, compared with £1.66m in the same period last year.

In the six months to July 31, TV-am's turnover increased to £19.2m (£12.66m). It paid £3m (£1.65m) in Excise Duty Levy. Operating profits rose to £3.75m (£1.95m) and investment income to £13,000 (£24,000). An extraordinary debit of £671,000 was charged to cover the cost of the flotation. Earnings per share (before extraordinary) increased to 11.7p (5.6p) and the board plans to pay a dividend of 1p.

The company's growth was fuelled by an increase in advertising revenue, specifically from the food, pharmaceuticals and to a lesser extent, from the financial sector.

In the interim period TV-am succeeded in increasing both

its audience and its share of ITV advertising revenue. In July and August it attracted 13.1m viewers, compared with 11.1m viewers. Whereas TV-am claimed a 3.2 per cent share of ITV revenue in the year to July 31, that share rose to 3.5 per cent in the last six months and the board hopes to claim 4 per cent of revenue in the current financial year.

TV-am plans to augment its broadcasting facilities in the rest of the financial year. The board is now considering stationing a permanent team in New York and extending regional coverage in Britain.

**COMMENT**

Investors who scrambled to buy shares in TV-am this summer could scarcely have hoped for a more promising set of results than these interim. Nonetheless profit-taking drove the share down by 5p to 187p yesterday. On the surface at least the picture looks rosy. Advertising revenue has by no means peaked, although TV-am is unlikely to attract the premium that the television audience can command in the US given that television advertising in the UK is demand dictated and TV-am's family viewers are the lumpenproletariat of the television audience, easily accessible elsewhere in the medium. But with 13m viewers TV-am must be approaching its optimum audience. Channel 4's proposed breakfast service is likely to pose a problem, although the BBC's revamped Breakfast Time format might. The ITV network's own morningtime service should not detract from audiences, although it could dilute demand for advertising. Still, with £3.25m in sight for the full year the prospective p/s of 2.5 seems slender, although the far sighted may be deterred by the risk of earnings per share suffering when the company qualifies for full corporation tax a year and a half hence.

## Rotunda heads for the USM

Rotunda, a manufacturer of specialist adhesive tapes, is joining the United Securities Market through a placing of shares in order to raise capital to finance acquisitions.

The company dates back to the 1920s but in the 1940s was taken over by Callender Cable which in turn formed part of BICC. In 1982 the senior executives of Rotunda staged a management buy-out, backed by the venture capitalist concern, Investors in Industry.

In 1985 the company had pre-tax profits of £811,000 on a turnover of £11.15m. In the first half of the current year it produced profits of £517,000 on sales of £5.53m. The board anticipates profits of at least £375,000 in the full year.

Rotunda will issue 2.35m shares, or 32.5 per cent of its equity, at 95p a share in the placing through the stockbrokers Henry Cooke, Lumsden. The issue will capitalise the company at £8.5m.

### BOARD MEETINGS

The following companies have notified areas of board meetings to the Stock Exchange:

**TODAY**  
Interline; Abbey Life; Alkon Home

**International, Altabona, Oshohi Tin, City of David Investment Trust, Conrad, Dely, Paskaling, Fogarty, Gunthe, Helms of London, Marotypa, Muelhalp Properties, Peak, Rockware, Singapore, Fem Rubber Estates, Svenska Cellulosa.**

**Future:** Rajam, Albert Fisher, Leisure Investments, Portland Holdings, Tey Homes.

### THE COMMISSIONERS OF THE STATE BANK OF VICTORIA

(a corporation constituted under the State Bank Act 1958 of the State of Victoria, Australia)

**US\$125,000,000 GUARANTEED UNDATED CAPITAL NOTES**

For the six months  
15th October, 1986 to 15th April, 1987  
the Notes will carry an Interest Rate of 5 1/4% per annum with an Interest Amount of US\$300.17 per US\$10,000 Note and US\$7,504.34 per US\$25,000 Note.

The relevant Interest Payment Date will be 15th April, 1987  
As listed on the London Stock Exchange

Bankers Trust Company, London Agent Bank

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High	Low	Company	Price	Change	Gross Yield	% Actual	Fully
			d/p	(p)	%	%	Actual
146	118	Asa. Grit. Ind. Ord.	133	-	7.2	6.5	8.1
151	121	Asa. Grit. Ind. CUs	130	-	10.0	7.9	8.0
148	120	Asa. Grit. Ind. CUs	130	-	10.0	7.9	8.0
48	28	Armstrong & Rhoades	37ad	-	4.2	11.4	6.2
108	108	Barton Hill	195	-	4.8	2.4	22.0
51	42	Bny Technologies	95	-	7.5	8.4	8.5
201	78	CCl. Ordinary	94	+3	2.9	3.1	6.7
152	86	CCl. Type Conv. Pt.	85	-	15.7	17.8	12.2
253	80	Carborundum Ord.	203	-	8.1	17.8	12.2
94	89	Carborundum 7.5pc Pt.	92	-	10.7	11.6	-
144	80	Debonit Services	94	-	7.0	4.9	15.0
32	20	Frederick Perker Group	23	-	7.2	-	-
122	50	George Selig	105	-	3.6	3.8	2.7
91	20	Ind. Precision Castings	51	+1	7.0	3.9	24.0
116	182	Isla Group	182ad	-	18.3	12.0	8.7
127	101	Jackson Group	127	+1	6.1	4.8	8.8
317	226	James Burroughs	226	-	17.0	4.6	10.4
100	95	James Burroughs SpC	93	-	12.9	13.6	-
1,025	260	Methuene N.V.	260	-	-	-	60.9
100	88	Record Highway 10cPF	88	-	14.1	16.0	-
98	33	Robert James	33	-	-	-	3.8
98	28	Servotone 'A'	37	-	-	-	8.8
126	66	Torrey & Catalina	126ad	+1	6.7	4.8	7.8
370	320	Trevelyan Holdings	320	-	7.5	2.6	6.8
70	25	Unilock Holdings	89	-	2.8	4.1	12.7
102	47	Walter Alexander	97ad	-1	5.0	8.1	9.3
228	130	W. S. Yates	137	-	17.4	8.8	10.7

## ANNOUNCEMENT

### NEW DEALING ROOM EQUIPMENT

In order to increase our capacity to handle the volume and complexity of deals and services in the above markets, we are progressively expanding and re-equipping our dealing room and introducing new systems and equipment.

As part of this plan and in order to ensure that we interpret our customers' instructions accurately and speedily, we have now installed telephone recording equipment in our Foreign Exchange and Eurobond dealing rooms solely for the purpose of verifying and confirming the accuracy of transactions carried out by the dealers and for the exchange of Foreign Exchange instructions.

This notice is published to advise all relevant staff in those companies with whom we deal that all telephone calls to our Bishopsgate dealing room will be tape-recorded from 13 October 1986.

All necessary steps will be taken by us to protect the confidentiality of the recordings.

The equipment selected was provided by TISL who have supplied similar multi-channel recording equipment to many of the leading City dealing rooms.

**HAMBROS**  
HAMBROS BANK LIMITED  
41 Bishopsgate, London EC2P 2AA. Telephone 01-588 2851

## LORRAINE GOLD MINES LIMITED

(Incorporated in the Republic of South Africa)  
Reg. No. 05/38138/06

### Declaration of Ordinary Dividend No. 9

The following dividend has been declared for the year ended 30 September 1986:

Ordinary dividend No. 9 of 150 cents per ordinary share.

The dividend has been declared payable to members registered in the books of the Company at the close of business on Friday, 7 November, 1986. The dividend has been declared in the currency of the Republic of South Africa and payment from London will be made in United Kingdom currency. The date for determining the rate of exchange at which the currency of the Republic will be converted into United Kingdom currency will be 17 November 1986 or such other date as set out in the conditions subject to which the dividend is paid. These conditions can be inspected at the registered office or office of the London Secretaries of the Company.

Warrants in payment of the dividend will be posted on or about 12 December 1986. The transfer books and registers of members of the Company in Johannesburg and London will be closed from 8 to 14 November 1986, both days inclusive.

By Order of the Board  
ANGLOVAAL LIMITED  
Secretaries  
per: K. G. Williams

14 October 1986

Registered Office: Anglovaal House, 56 Main Street, 2001 Johannesburg (P.O. Box 2237) Marshalltown, 2107

London Secretaries: Anglo-Transvaal Trustees Limited, 295 Regent Street, London W1R 8ST

Directors: D. J. Crowe, Chairman (British), W. B. Evans, B. E. Hersov, L. Hewitt, K. M. Hosking, G. C. Kraft, W. W. Malan, Clive S. Menell, S. W. Van Der Colf, R. A. D. Wilson.

Attorneys: P. J. Eustace, F. S. Clarke, P. Taljaard, K. A. West.

## United Dominions Trust Limited

U.S.\$25,000,000

8 3/4 per cent Capital Bonds 1988

### NOTICE OF EARLY REDEMPTION

On behalf of the Issuer, S. G. Warburg & Co. Ltd. hereby gives notice to holders of the above-mentioned Bonds of the Issuer's election to redeem all outstanding Bonds on 1st December, 1986, in accordance with Condition 4(d) of the Bonds.

Consequently on 1st December, 1986 there will become due and payable upon each Bond outstanding 100% per cent. of the principal amount thereof, together with accrued interest to said date, at the office of—

S. G. Warburg & Co. Ltd.  
Paying Agency, 6th Floor,  
1 Finsbury Avenue,  
London EC2M 2PA

or at the office of one of the other paying agents named on the Bonds.

Interest will cease to accrue on all Bonds on 1st December, 1986. The Bonds should be presented for payment together with all unremitted Coupons, falling within the amount of any missing unremitted Coupons will be deducted from the sum due for payment. Any amount so deducted will be paid against surrender of the relative missing Coupons within a period of 12 years commencing 1st December, 1986. Bonds will become void unless presented for payment within such period of 12 years.

15th October, 1986

## Clydesdale Bank PLC

### BASE RATE

Clydesdale Bank PLC announces that with effect from 15th October 1986, its Base Rate for Lending is being increased from 10% to 11% per annum

## YORKSHIRE BANK

### Base Rate

Yorkshire Bank announces that with effect from close of business on TUESDAY 14th October, 1986 Base Rate is increased from 10% to 11%

All facilities (including regulated consumer credit agreements) with a rate of interest linked to Yorkshire Bank Base Rate will be varied accordingly.

**Yorkshire Bank**  
Head Office  
20 Merrion Way, Leeds LS2 8NZ



# UK COMPANY NEWS

## Glaxo moves up from 16th to ninth position in the world drug making league Zantac behind 52% profits surge to £611m

BY TONY JACKSON

Glaxo's remarkable growth record has continued with the announcement of a 52 per cent jump in pre-tax profits to £611.6m for the year to June 1986.

The directors claimed that Glaxo's anti-ulcer drug ranitidine had become the biggest selling drug in the world, and that the group had become the first UK company to join the ranks of the world's 10 biggest drug companies.

Mr Paul Girolami, Glaxo's chairman, said: "This is the sixth year of rapid growth for the company, with profits and earnings rising by a factor of

nine over the period and the share price by a factor of 18." Group sales from continuing activities rose 26 per cent to £1.43bn.

Ranitidine, sold in most markets under the brand name Zantac, is the chief reason for Glaxo's growth in recent years. Sales of the product last year were up by 40 per cent from £433m to £606m, accounting for 43 per cent of group turnover against 39 per cent the year before.

Until recently, Zantac took second place in the world league table of drugs after the older ulcer treatment Tagamet,

from the US drug company Smith Kline.

Mr Bernard Taylor, chief executive of Glaxo, made a carefully qualified claim to first place, saying "10 years after its discovery, and five years after its launch, ranitidine in all its forms has become the world's largest selling pharmaceutical product."

Mr Taylor claimed that Glaxo last year was the ninth biggest drug company in the world, up from 16th place the year before. He said that sales growth last year, in absolute sterling terms as well as proportionally, had outstripped any other drug company in the world.



Mr Paul Girolami, chairman of Glaxo

Sales growth was especially strong in the US, with a rise of 74 per cent to \$620m (£430m). Glaxo now claims to be the ninth largest drug company in the US, chiefly because of Zantac sales, rising to \$433m in the US market.

Zantac suffered a fall in market share in Japan, from 30 per cent to 28 per cent, as a result of the launch of the com-

same conditions do not apply. "They have nothing to offer over our product, and we have the advantage of earlier introduction to other markets, and of having nearly 30m patients using Zantac worldwide."

Mr Taylor said that Zantac was now established in all the major markets of the world. He said the drug could expect to gain only a couple of points of market share above its latest world level of 40 per cent, but that growth of 20 per cent in the ulcer drug market overall left plenty of room for profits growth.

On the stock market, Glaxo's shares rose sharply in response to the figures, but fell back to close 10p lower at 930p in the better crops and by the upward movement in commodity prices. That applied particularly to oil palm products, although results of the division were not yet running at the level of last year.

Overseas results were included at average rates of exchange, and the 1985 figures adjusted to comply with this new accounting policy. But for the weakness of sterling compared to 1985, the half year pre-tax profit would have been £25m higher.

Turnover in the half year fell from £776m to £758m, but the pre-interest profit from £38.6m to £36.3m. Plantations accounted for £5.3m (£4.5m).

Earnings per share were up 41 per cent to 37.4p, and the dividend was raised by 40 per cent to 14p net for the full year.

### ZANTAC SHARE OF ANTI-ULCER MARKETS

	Year to March '85	Year to March '86	1st Qtr '86
USA	30	41	43
Japan	16	20	28
Italy	24	33	34
W. Germany	59	58	60
UK	59	57	58
France	15	15	16
Canada	45	54	46
World	37	48	49

Source: Glaxo

## Crystalate moves into US and forecasts £7m profit

BY DAVID GOODHART

Crystalate Holdings has made its first US acquisition, buying the Resistive Products Division of TRW Inc, the giant US high technology communications group, for \$30.6m (£21.4m).

The company denied that the acquisition was a response to recent talk of a bid for Crystalate, saying that it had been negotiating since April.

Mr John Herrin, chief executive of Crystalate, said: "The company has strong management, is highly innovative, and is a market leader with its own sales force."

Crystalate will raise £10.4m of the price through issuing 5.6m new shares—17.8 per cent of the existing share capital—with £11m drawn from its £14m cash pile.

Crystalate also announced yesterday that for the year to 30 September 1986 it expected pre-tax profits of not less than £8.5m, compared with £4.8m,

and that earnings per share would be not less than 17.9p against 13.9p. The board expects to recommend a final dividend of 2.25p, making a total of 5.1p, a 20 per cent increase.

RPD, electronic components business, is based in North Carolina and employs 1,286 people in the design, manufacture and marketing of a wide range of "resistive devices" sold into the automotive, telecommunications, computer and military markets.

RPD reported pre-tax profit of \$2.4m on turnover of \$42.7m in 1985, a marked decline on the previous year's figures of \$6.6m and \$38.6m. Crystalate attributed the decline to recession in the US electronics market. Results for the six months to June 27 are slightly better with turnover at \$24.6m and pre-tax profit at \$1.93m and \$3.8m expected for 10 months. The assets are valued at \$22m.

## Agricola pays £4.5m for two Norfolk farms

By Nicky Tait

Agricola UK, the recently formed UK subsidiary of Ferruzzi Group whose possible acquisition of S. and W. Berford is currently being examined by the Monopolies and Mergers Commission, is buying two Norfolk farms for around £4.5m.

The farms—Barton Bendish and Abbey Farms near Downham Market—encompasses 2,500 acres, including 500 acres of sugar beet.

Ferruzzi holds a 23.7 per cent stake in Berford and faces a potential rival in the shape of Tate & Lyle (whose bid is also with the MMC).

Commenting on the purchase, Sir Richard Butler—former president of the National Farmers' Union and now chairman of Agricola—said: "The purchase demonstrates the Ferruzzi Group's long-term commitment to the UK."

Yesterday, Ferruzzi had its second hearing with the MMC, whose report is likely to reach the Secretary of State by mid-November.

## Alexandra Workwear 29% ahead midway

BY MIKE SMITH

Alexandra Workwear, the manufacturer and supplier of work clothes which came to the market at the start of last year, yesterday announced a 29 per cent increase in interim profits on turnover up by 26 per cent.

For the 26 weeks ended August 16, 1986, the group achieved pre-tax profits of £1.94m (£1.5m last year) on sales of £17.3m (£13.7m).

Earnings per share were up 34 per cent to 11p and the interim dividend is raised by 6.5p to 2.75p.

Mr Granville Davis, chairman, said that production was continuing to develop well and the company's new factory near Glasgow, which was opened at the start of the year, was making a significant impact.

"Since the half year there has been a steady growth in orders, sales and production and I expect this to continue," he said.

In the 26 weeks, interest payments more than doubled to £263,000 from £128,000 for the same period last year.

comment With these figures Alexandra is now the 11th largest company in the FT 100 club it created 21 months ago when it joined the market and its shares were 90 times over-subscribed. Growth above 25 per cent is good in anyone's book but in the textiles sector it is exceptional. Part of the reason is the expansion of uniforms (career wear) sales as more companies seek to boost corporate identities — to customer accounts for more than 25 per cent of sales. Alexandra now claims 20 per cent of the market against 14 per cent at the time of the flotation. For the full year the City is expecting profits of about £3.7m. On yesterday's share price of 38p, up 10p, and a tax charge of 37 per cent, this produces a prospective multiple of 16.

# Half 1986

### INTERIM STATEMENT (unaudited)

	1986 Six months to 30th June	1985 Six months to 30th June	1985 Year to 31st December	1985 Year to 31st December as originally reported
£ million				
Group profit before interest and taxation	36.3	39.6	81.7	77.8
Group profit before taxation	25.6	31.3	62.1	58.5
Group profit after taxation	16.2	17.5	39.3	37.0
Earnings for Ordinary shareholders	15.8	17.2	39.0	36.7
Earnings per Ordinary share	12.1p	13.7p	30.4p	28.6p

ORDINARY DIVIDEND The Board has declared an interim dividend of 4.5p per share for 1986 (6.34p per share including the interim dividend of 1.84p) on the interim Ordinary dividend of £130,446,074. The interim dividend paid in respect of 1985 was 4.5p per share (6.34p).

The interim dividend will be paid on 8th December 1986. The last day for lodging transfer will be 7th November 1986.

NOTES: 1. It is the Group's accounting policy to transfer the trading results of overseas companies into sterling at the average rates of exchange ruling for the relevant period. This is a Group finance provision year when the trading results of overseas companies were transferred into sterling at the average rates ruling at the end of the financial period. The revised policy is considered more appropriate in view of the increasing volatility of exchange rates. Comparative figures have been revised to reflect the revised policy.

2. Profit for 1985 under this column has increased profit before tax for the six months to 30th June 1986 by £1.7m (six months to 30th June 1985 increased by £1.2m).

3. The six months figures and the annual figures for the year to 31st December 1985 are unaudited. The figures for the year ended 31st December 1985 are regularly reported on an annual basis to the shareholders by the company which have been filed with the Registrar of Companies and on which the auditors give an unqualified opinion.

### Results and Prospects

Prices for oil palm products fell to their lowest level in real terms for nearly fifty years. This, and poor prices for some of our other crops, caused the severe decline in Plantations Division profits. However, turnover of all major crops and palm products in particular showed a material increase over the same period in 1985. Crops in the second half of the year continue to be well up to the record levels of last year and recently commodity prices have shown some advance. The set-back in plantations operations earlier in the year is thus now being offset in part by the better crops and by the upward movement in commodity prices, particularly of oil palm products, although results of this Division are not yet running at the level of last year.

Chemical manufacturing businesses maintained improvement in all sectors supported also by better profits, in operating currency terms, from the majority of the distribution units. These enhanced results should be sustained in the second half of the year but the cost of insurance in North America for product and public liability has become a heavy burden.

Currency translation rates have affected profitability of Linatex operations coupled with the continuing downturn in mining activity. However, expansion in the USA is moving forward on a satisfactory basis.

Fuel volumes have improved in Pains Agriculture to produce increased profitability. Pauls Milk reaped the benefit of cost reduction and has had a good year so far. The Flavours and Fragrances

business now trades under the name of Felton Worldwide and includes the operations acquired from Felton International for the full period; this section continues to progress. Telford Foods has fulfilled the optimism referred to in the 1985 report.

Although Timber and Building Supplies was affected by severe winter weather in the opening months, the remedial action taken in 1985 coupled with higher off-take in the second quarter produced improved results. This better performance has continued into the third quarter.

General Trading suffered from the downturn in commodity prices which affected both the UK commodity operations and the Far Eastern trading business. Some improvement is expected in the second half.

In common with many international groups our accounting policy relating to the translation of overseas results has been changed from the use of period end exchange rates to average exchange rates for the relevant period (see Note 1 above). The relative weakness against sterling of the US dollar, and most of those currencies in which our overseas Group companies operate, has produced reduced income in sterling terms due to the effect of exchange movements. If the average exchange rates for the six months to 30th June 1985 had been applied to the overseas profits for the first half of 1986, Group profit before taxation would have been increased by £2.5 million to become £28.1 million.

### Divisional Profits (including Group share of related companies)

	1986 Six months to 30th June	1985 Six months to 30th June	1985 Year to 31st December	1985 Year to 31st December as originally reported
£ million				
Plantations	5.3	14.5	29.5	27.1
Chemicals and Industrial	14.9	12.0	19.8	18.7
Pauls (see Note 2 above)	7.9	1.7	10.0	10.0
Timber and Building Supplies	4.3	3.1	7.7	7.6
General Trading	2.9	4.1	5.9	5.7
Finance	1.0	3.7	6.6	6.6
Property disposals	—	0.5	2.2	2.1
Group profit before interest and taxation	36.3	39.6	81.7	77.8

HARRISONS & CROSFIELD PLC, 1-4 GREAT TOWER STREET, LONDON EC3R 5AB

## Plantations pull back Harrisons & Crosfield

A SHARP downturn on the plantations side again hit Harrisons and Crosfield. And with interest charges showing a substantial increase, the pre-tax profit for the first half of 1986 fell by 18 per cent, from £31.3m to £25.6m.

However, directors said that the setback in plantations was being overcome, in part by the better crops and by the upward movement in commodity prices. That applied particularly to oil palm products, although results of the division were not yet running at the level of last year.

## Cussons upsurge boosts Paterson

Paterson Zochonis, the Manchester-based soap and toiletries manufacturer best known for its Cussons brand name, and which has major trading interests in Nigeria, achieved record pre-tax profits of £42.5m in the year to May 31 1986 compared with £38.6m last year.

The group's Nigerian companies were adversely affected by exchange rates, but results from this area were more than offset by satisfactory improvements in the performance of group activities elsewhere.

The Nigerian companies maintained their general level of turnover and profit in local currency terms, but these were significantly lower in sterling, reflecting the 30 per cent fall in the naira between May 1985 and May 1986. Additionally, the Nigerian manufacturing units operated well below capacity through shortages of raw materials.

The group's UK companies increased market share and continued to benefit from favourable raw materials prices, while profits from the Cussons group showed a significant improvement.

Turnover in the period fell from £276.6m to £241.7m with that from Nigerian operations continuing at the previous year's level of just less than 50 per cent of total group sales. Profits from that area were down from 70 per cent of group total to around 50 per cent.

The directors propose to increase the final dividend to 4.85p (4.85p), making the year's total 6.5p (5.9p).

comment Since they were started less than a month ago Lagos weekly auctions of foreign exchange have seen the sterling value of the naira fall to a quarter of its former official worth. For Paterson Zochonis this has provided good reason to write down the Nigerian investments (now in at £8m against £45.7m last year) and thereby to ensure that future returns from this volatile state both look good when compared with assets employed and are more in keeping with the City's wish to see the group's quality of earnings improved. But if Nigeria is sliding down the same cannot be said for the central treasury which with its combination of short dated gilts and Channel Islands rollover funds has become the second most important source of group profits. Current investments now have a market value of £138m, so the contribution from this area could perhaps become the largest in what is likely to be a depressed first half of the present year. These final figures were well signalled and the market left the shares unchanged at 235p in sympathy around the balance sheet. This year less than half of profits will be Nigeria related and down from 70 per cent of group total to under 6. The City will probably not abandon the stock even if profits fail to exceed 1985-86's total.

comment Currency translation rates affected profitability of Linatex operations coupled with the continuing downturn in mining activity. However, expansion in the US was moving forward satisfactorily.

At Pauls, the profit contribution expanded to £7.9m, from the £1.7m of last time included from April 2 1985—the date of purchase.

Earnings were 12.1p (13.7p) per share and the interim dividend is held at 4.5p.

comment Palm oil prices have fallen to cost of production levels and the sharp drop in Harrisons & Crosfield's plantation profits reflects this. However, as the City has been keen to see H&C make the switch from plantation stock to industrial holding company with a strong UK earnings base this is possibly a cloud with a very silver lining indeed. While interest costs on the £18m spent on the Pauls and Felton acquisitions have clearly home heavily on the financial account, most of the rest of the businesses did well enough with the exception of general trading which felt the continuing impact of the downturn in commodity prices. The growth in the UK chemicals contribution owes much to the demand for the group's speciality chrome products which has been fuelled by the advantageous rating of sterling against the DM. For the full year 1985m should be possible with any recovery in palm oil prices above the present M450 a tonne level a bonus. At 37p the shares have underperformed the market since early 1984, so the worst expectations have to be well and truly discounted by now in a prospective multiple of 11. Most analysts have them on a firm buy recommendation given the bounce back possibilities.

## Hillsdown buys stake in two fish processors

Hillsdown Holdings, the fast-growing food to furniture manufacturer, is moving into the fish processing business with two acquisitions.

Hillsdown is buying a substantial minority interest in Nova Scotia-based Clearwater Fine Foods Inc, plus a 51 per cent stake in Shearwater, a UK fish processor with factories near Breamore and Fenrit.

Sept Solomon, joint chairman of Hillsdown, said: "It's a significant deal—our first venture into the processed fish market. Having bought these companies, we are interested in making further acquisitions."

CFFI has been growing rapidly during the past 12 months with three major acquisitions. Its core business is lobsters, which it processes and distributes.

Although the bulk of CFFI's sales are in North America, about 20 per cent of turnover comes from the UK and Europe. An estimate of current year profits is complicated by the acquisitions, but Hillsdown calculates that—had these been in the group for the full year—1986 profits would total £55m (£25.5m-£30m).

The entire purchase consideration, however, will be deferred until March 1988 when it will be based on a six times multiple of pre-tax earnings. The vendors have warranted that net assets at end-1986 will be not less than £810m (£5m), and 1986 profits not less than 110 per cent of 1987's. Meanwhile, Hillsdown is leading the company £820m via an interest-bearing convertible unsecured debenture—with conversion rights after March 1988.

comment The entire purchase consideration, however, will be deferred until March 1988 when it will be based on a six times multiple of pre-tax earnings. The vendors have warranted that net assets at end-1986 will be not less than £810m (£5m), and 1986 profits not less than 110 per cent of 1987's. Meanwhile, Hillsdown is leading the company £820m via an interest-bearing convertible unsecured debenture—with conversion rights after March 1988.

### DIVIDENDS ANNOUNCED

	2.75	Nov 28	2.25	6
Alexandra Workwear Int	2.75	Nov 28	2.25	6
BM Group	0.99	Jan 5	0.99	1.65†
Brent Walker	3.3	Jan 5	—	4
Challington Corp	12.5	Jan 2	0.75*	1.73*
Glaxo	10	—	7	14
Harrisons Crosfield Int	4.5	Dec 8	4.5	20
S. Lyles	8.8	Jan 5	3	5.75
Renald Martin	21.5	Jan 2	—	4
Microlease	1	Dec 2	1	0.5
Paterson Zochonis	4.85	Dec 2	4.35	6.5
Peaschey Prop	5.5	Nov 19	5	9
Pechin's	10	—	8.9	14
TV-am	11.5	Dec 19	1.5	12.9
UEI	1	Dec 1	—	4
UEI	2.1	Dec 1	—	5.25

\* Dividends shown in pence per share net except where otherwise stated. † Equivalent after allowing for scrip issue. ‡ On capital increased by rights and/or acquisition issues. § USM stock. ¶ Unquoted stock. † For 15 months.

### Another meeting at Standard Chartered

The board of Standard Chartered Bank met yesterday amid mounting speculation in the bid activity. The group's shares gained 20p to close at 777p.

The meeting, the second since Standard fought off a hostile bid from Lloyds Bank, is believed to have been attended by two of its three largest shareholders: Mr Robert Holmes a Court and Sir Y. K. Pao. The third, Tan Sri Khoo Teck Puan, was represented by a spokesman for the bank said there would be no news announcement following the meeting.

### Pochin's static

Pochin's builders and civil engineering contractor, experienced a marginal decline in profits before tax, down to £885,000 (£948,000), and turnover £21.74m (£22.53m) for the year to May 31 1986, reflecting difficult trading conditions in the construction industry.

Paradoxically the order book for contracting in the current year stood at a high level. Tax took £280,000 (£266,800) leaving attributable profits higher at £605,000 (£681,200) and earnings per share of 58.18p (£52.29p). The dividend is raised from 12.9p to 14p with a proposed final of 10p per share.

### Warwick Intl.

Warwick International has reached an agreement in principle, with Jotun Polymer whereby Jotun will acquire Warwick's polyester chemicals business worldwide. The transfer is expected to be completed by the fourth quarter of 1986.

Following final agreement, Jotun will assume the management and operations of Warwick's factory located at Mitcham, Surrey. Warwick and Jotun are working together to ensure a smooth transition and uninterrupted supply of all products to all customers. This corrects an item in yesterday's edition which stated Warwick International had been acquired by Jotun.

### TUDORBURY SECURITIES

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### I.G. INDEX

FT for October  
1,255-1,261 (-23)  
Tel: 01-538 5499

■ TURNOVER UP 55% TO £14.197 million

■ PROFITS UP 110% TO £3.276 million

■ EARNINGS PER SHARE UP 99% TO 10.72p

■ NEW INTERIM DIVIDEND OF 3.5p

Extracts from the Chairman's Statement:

"Overall the Group continues to trade successfully and I believe that the future for all our existing activities is bright.

We are continuing to investigate further opportunities in related fields....

.... we are seeking investment opportunities to broaden yet further the trading base of the Group and increase profitability."

For a copy of the Interim Report please write to—  
The Secretary  
The Brent Walker Group PLC  
Knightsbridge House  
197 Knightsbridge  
London SW7 1RS



UK COMPANY NEWS

Brent Walker boosted by Brighton Marina project

BY ALICE RAWSTHORN

Brent Walker, the leisure group which returned to the stock market last year, yesterday announced that it more than doubled pre-tax profits to £2.5m in the first half of this year.

"The doubling of pre-tax profits reflects an improved performance from every division," said Mr George Walker, chairman and chief executive.

"The money raised from the flotation has been used to upgrade our leisure interests and the benefit of that investment came through. Our performance was also helped by a larger contribution from the Brighton Marina project," he added.

In the 26 weeks to July 13 Brent Walker's turnover rose to £14.2m (23.1m), operating costs to £10.1m (16.7m) and operating profits to £4.07m (2.44m).

Earnings per share increased to 10.7p (5.4p) and the board intends to pay an interim dividend of 3.5p.

Hitherto, the film and video division has dominated Brent Walker's profits. This set of results marks the emergence of a broader spread of activities with film and video's contribution reduced to 42 per cent.

Hotels and leisure contributed 14 per cent of profits, stadiums and sport 18 per cent and the Brighton Marina 27 per cent.

In the film and video division Brent Walker is now working on two productions, a mini series about the Berlin airlift, the Battle for Berlin, and the first phase of a series of programmes on the paranormal, Worlds Beyond.

In the sports division it is finalising negotiations for inclusion in a satellite television project which, it hopes, will feed coverage of events at its Hackney greyhound racing stadium through to betting shops.

The casino division fared well with a 40 per cent increase in profit in the second half—and is now in the throes of constructing new hotels in Basildon and Gloucester.

The Brighton Marina development is still five years away from completion, but Brent Walker opened a new hotel in Bath in the first half—worth prices that through to profit in the second half—and is now in the throes of constructing new hotels in Basildon and Gloucester.

The Brighton Marina development is still five years away from completion, but Brent Walker opened a new hotel in Bath in the first half—worth prices that through to profit in the second half—and is now in the throes of constructing new hotels in Basildon and Gloucester.

Walker has concluded negotiations with its partners in the venture and profits should increase from now onwards.

For the future the company is negotiating to begin the development of a sports centre in Basildon, the Astrozone, and a leisure development at South-end, the Island Marina.

**comment**

Brent Walker's chief problem is that it has never been able to persuade the City to take it seriously. Legal wrangling with Ms Joan Collins and a colourful exit from the stock market nearly helped, but when the company returned to the market last summer it looked like little more than a rattle of shares.

The hotels and casinos have clearly benefited from the fruits of the flotation and the Brighton Marina is starting to look like rather more than a pipe-dream. Given the company's assets are worth 90p a share and that Brighton alone could contribute £10m a year from 1991 onwards, Brent Walker looks cheap on a prospective p/e of 8 with projected profits of £7m and yesterday's share price which rose by 4p to 184p. But the company is perceived as a high-risk investment and City perceptions are notoriously difficult to change.

Adverse weather and dumping hit Scanro

BY RICHARD TOMKINS

Scanno Holdings, the USM-quoted windsurf board maker, yesterday blamed poor weather in Europe and dumping on the US market for a slump in pre-tax profits from £411,000 to £27,000 for the six months to June.

It warned that the same factors had hit the second half and that the full-year figure would be down, but the shares, which had tumbled from 140p-150p to around 110p in the expectation of a poor result, regained 3p to close at 111p.

Mr Arne Berghant, chairman, said windsurf board sales had been only slightly down in Europe but margins had suffered in the attempt to maintain volumes.

In the US, too, Scanro had maintained sales in spite of dumping on the market by two European manufacturers which had ceased to trade, but this was also at the expense of margins.

Total turnover was almost unchanged at £3.15m (2.11m) but the trading profit fell from £451,000 to £32,000. Investment income was again £3,000 but there was a steep rise in the interest charge from £43,000 to £50,000.

Some £49,000 in commissioning costs of the new shoe manufacturing machinery had been taken below the line as an extraordinary item. Earnings per share, after an increase in the tax charge from 30 per cent to 36 per cent, were 4.51p (0.3p)

and the dividend is maintained at 1.5p.

Mr Berghant said Scanro's expansion into shoe manufacture had been delayed because the machinery had taken longer to commission than expected, but he hoped to be able to announce two or three large orders soon. Trimdon, the newly-acquired sport and leisure garment subsidiary, had strong forward orders.

The signs for 1987 were far more encouraging, Mr Berghant said.

The company was looking for ways to cut its short-term debt.

**comment**

There is more to Scanro's poor performance than bad weather in the spring. The fact is that although windsurfing shows no signs of declining in popularity as a sport, its boom years are over and the marketplace is now characterised by overcapacity and static demand. Wisely, Scanro is looking elsewhere for growth and sees its future as a diversified sports and leisure goods company, but yesterday's figures found it little advanced down this road: the delay in setting up the shoe-making machine mean that shareholders are still in suspense over whether it will be a success, and seem likely to remain so for another year. Profits forecasts are hazardous with Scanro in its present state of flux, and the shares are a speculative punt on a company venturing into uncharted waters.

BM Group boosts profit

BM Group, which serves the building, construction, quarry, mining and paper industries and is 54 per cent owned by C. H. Beazer (Holdings), turned in record results for the year ended June 30 1986.

Mr Roger Shute, chairman and chief executive, said the pre-tax profit of £1.5m had been achieved by an even greater concentration on sales and marketing, coupled with tighter controls within all operating companies.

Turnover in the year came to £36.49m, and earnings per share to 10.7p. In the previous period which ran for 15 months, turnover was £28m, profit £1.4m and earnings 8.4p.

The final dividend is held at 0.9p net. This makes an unchanged 1.66p total, but is a rise of 0.3p when adjusting on annual basis.

During the year Beazer (Old Hill), maker of scaffolding and access equipment, was acquired and contributed usefully to profits, adding that prospect for the present half were much better with most of the tropical crops having had useful price increases recently.

Earnings per share for the company formerly known as Plantation and General Investments until its merger with

S. Lyles up by 42%

S Lyles, the Dewsbury-based yarn spinner and dyer which supplies many of the leading carpet manufacturers in the UK and Europe, yesterday reported pre-tax profits up by 41.5 per cent from £360,000 to £512,000 for the year to June 30 1986.

Turnover increased marginally from £15.7m to £15.8m.

The chairman Mr John Lyles reported that business remained at a satisfactory level during the second half of the year and, as a result of their continuing strong performance during this period, exports formed 45 per cent of turnover for the year, which was another record.

Higher interest charges reflected peak borrowing during the year for the installation of a new dyeing plant. The full accounts will indicate a significantly reduced overdraft at the end of the year.

Mr Lyles said that the present year had made a promising start and that he expected the year as a whole to be one of progress.

A final dividend of 3p (same) is proposed, making a total of 5.7p (5.6p).

Low commodity prices hit Chillington profits midway

ON TURNOVER almost doubled to £12.82m, against £6.7m, Chillington Corporation achieved only a light increase in pre-tax profits from £1.02m to £1.11m in the first half of 1986. However, directors stated that the improvement was achieved despite low commodity prices, adding that prospects for the present half were much better with most of the tropical crops having had useful price increases recently.

Earnings per share for the company formerly known as Plantation and General Investments until its merger with

Anglo Indonesian Corporation in March this year, fell to 7p (19.5p) basic or 3.3p (5.4p adjusted) fully diluted.

An interim of 2.5p, on capital increased by the merger, is being paid against an adjusted 0.7p.

In the first half, relatively start and that he expected the year as a whole to be one of progress.

A final dividend of 3p (same) is proposed, making a total of 5.7p (5.6p).

**Johannesburg Consolidated Investment Company, Limited**  
 ("J.C.I.")  
 (Incorporated in the Republic of South Africa)  
 (Registration No. 01/00429/06)

**Notice to holders of share warrants to bearer**  
 ("J.C.I. BEARERS")

Regarding a rights offer of Consolidated Metallurgical Industries Limited ("C.M.I.") ordinary shares which opens on 17th October 1986 and closes on 7th November 1986

Offer by CMI to members of JCI of 7,373,300 ordinary shares of 105 cents each at a subscription price of R4.00 per ordinary share (South African currency) payable in full on acceptance.

Coupon No. 122 is the entitlement which enables holders of JCI bearers to receive the offer.

A listing and acceptance form (either PINK to receive NIL PAID LETTER OF ALLOCATION or GREEN to subscribe for CMI Ordinary shares) must be completed and lodged, preferably by a stockbroker or banker, together with Coupon(s) No. 122.

PAYMENT: A banker's draft (marked "NOT NEGOTIABLE") in South African currency drawn on a registered bank in South Africa, in favour of "J.C.I. Rights Issue" for the amount due must be lodged, together with either the NIL PAID LETTER OF ALLOCATION or the GREEN Listing and Acceptance form with the London Registrars:

Hill Samuel Registrars Limited  
 6 Greencoat Place  
 London SW1P 1PL

from whom copies of the rights offer document and listing and acceptance forms will be obtainable.

Barnato Brothers Limited  
 London Securities  
 per: Mrs. A. F. Smith

London  
 15 October 1986

**Anglovaal Group**  
 Mining companies' reports - Quarter ended 30 September 1986

All companies mentioned are incorporated in the Republic of South Africa. All financial figures for the quarter and progressive figures for the current year to date, including those of Loraine Gold Mines, Limited, are unaudited. Rates of exchange on 30 September 1986, R1.00 = £3.31, £1 = R3.24. Development results given are the actual sampling results. No allowance has been made for adjustments necessary in the valuation of the corresponding reserves. Shareholders requiring copies of these reports regularly each quarter, should write to the Secretaries, Anglo-Transvaal Trust Ltd, 235 Regent Street, London W1R 6ST.

**Harbourside Gold Mining Co Ltd**  
 Issued capital: 112,000,000 shares of 10 cents each

	Quarter ended 30 Sept. 1986	Quarter ended 30 June 1986	Financial year ended 30 June 1986
Development	2,141	1,475	6,810
Advanced	1,475	1,475	6,810
Sampling results:			
Sampled	870	418	2,747
Channel width	191	224	191
Channel value	6.4	4.7	5.5
	650	1,054	1,043
Hedging transactions:			
Revenue derived from the sale of gold takes into account the results of hedging transactions.			
Profits arising from the closing out of forward exchange contracts are accounted for on a monthly basis to coincide with the maturity dates of the original contracts.			
Dividend			
Final dividend No. 72 of 150 cents per share, declared in June 1986, was paid in August 1986.			
Capital expenditure			
Outstanding commitments at 30 September 1986 are estimated at R3 718 000 (30 June 1986: R12 462 000).			
For and on behalf of the board			
R.A.D. Wilson, Director			
D.J. Crowe, Director			
Director: R.A.D. Wilson (Chairman), D.J. Crowe, M.D. Hanson, B.E. Haver D.M.S., W.W. Hester, G.S. Lee, W.W. Mole, G.S. Munn, J.E. van Niekerk			
16 October 1986			

**Pitso Copper Mines (Pty) Ltd**  
 Issued capital: 54,000,000 shares of 50 cents each

	Quarter ended 30 Sept. 1986	Quarter ended 30 June 1986	Financial year ended 30 June 1986
Operating results			
Ore milled	762,000	684,000	2,775,000
Concentrate produced			
Copper	19 171	10 717	77 826
Zinc	38 480	27 241	110 730
Concentrates despatched			
Copper	9 195	10 226	81 892
Zinc	40 027	13 048	81 836
Financial results			
Operating profit	7 850	9 911	61 207
Non-mining income	493	1 588	7 288
Stores realisation adjustment	6 343	11 457	68 605
Profit before taxation	6 343	11 005	69 013
Taxation	4 895	4 731	32 679
Profit after taxation	3 408	6 274	36 334
Capital expenditure/recoupment	16	(76)	(1 196)
Dividend	16	10 200	32 400
	16	10 124	31 202
Development			
Advanced	498	291	1 473
Financial			
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.			
Dividend			
Final dividend No. 6 of 30 cents per share in respect of the year ended 30 June 1986, declared on 10 July 1986, was paid on 23 July 1986.			
Capital expenditure			
There were no outstanding commitments at 30 September 1986 (30 June 1986: Nil).			
For and on behalf of the board			
D.J. Crowe, Director			
R.A.D. Wilson, Director			
Director: D.J. Crowe (Chairman), R.A. Fisher, B.E. Haver D.M.S., R.L. L'Esperance, G.S. Lee, G.S. Munn, J.E. van Niekerk, W.W. Hester, W.W. Mole			
16 October 1986			

**Loraine Gold Mines Ltd**  
 Issued capital: 16,380,000 shares of R1.00 each

	Quarter ended 30 Sept. 1986	Quarter ended 30 June 1986	Financial year ended 30 June 1986
Operating results			
Ore milled	396,000	396,000	1,572,000
Gold recovered	2 234.25	2 267.88	8 709.03
Yield	5.8	5.7	5.5
Revenue	180.85	152.47	142.58
Costs	107.47	97.33	89.31
Profit	81.38	55.14	53.27
Costs	67.126	60 953	232 010
Costs	42 774	38 738	156 108
Profit	24 362	21 845	75 902
Financial results			
Working profit - gold mining	1 032	26	1 804
Profit from sales of uranium oxide, P/Py and treatment of stockpiled tailings	2 559	2 747	8 944
Non-mining income	27 943	24 718	87 150
Interest paid, stores adjustment and service benefits	2 891	354	4 082
Profit before taxation	24 122	24 644	83 654
Taxation	13 170	10 232	37 688
Profit after taxation	11 192	14 222	45 166
Development			
Advanced	498	291	1 473
Financial			
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.			
Dividend			
Final dividend No. 6 of 30 cents per share in respect of the year ended 30 June 1986, declared on 10 July 1986, was paid on 23 July 1986.			
Capital expenditure			
There were no outstanding commitments at 30 September 1986 (30 June 1986: Nil).			
For and on behalf of the board			
P.F. Rastel, Director			
R.A.D. Wilson, Director			
Director: P.F. Rastel (Chairman), R.A.D. Wilson (Chairman), R.L. L'Esperance, G.S. Lee, G.S. Munn, J.E. van Niekerk, W.W. Hester, W.W. Mole			
16 October 1986			

**Consolidated Murchison Ltd**  
 Issued capital: 4 166 000 shares of 10 cents each

	Quarter ended 30 Sept. 1986	Quarter ended 30 June 1986	Financial year ended 30 June 1986
Financial results			
Sales of ordinary concentrates less realisation charges	6 158	6 165	22 556
Gold sales	6 079	4 800	16 179
Sundry mining income	26	22	102
Winding costs	(2 233)	(1 089)	(41 634)
Working profit	3 744	3 056	11 955
Non-mining income	2099	139	533
Prospecting expenditure	(6 803)	3 186	12 488
Profit before taxation	5 576	2 970	11 172
Taxation	1 456	(1 473)	301
Profit after taxation	4 120	4 143	10 871
Capital expenditure	766	4 806	6 895
Dividends	—	1 248	2 488
	766	5 944	12 361
Financial			
The revenue from the sale of ordinary concentrates brought to account each quarter is based on actual shipments made, which can vary considerably from quarter to quarter.			
Included in non-mining income is a payment of R2,014 million in respect of claims lodged in terms of categories A and B of the export incentive scheme for the period ended 31 December 1982. Further claims in terms of that scheme have been lodged since that date.			
Dividend			
Final dividend No. 77 of 30 cents per share, declared in June 1986, was paid in August 1986.			
Capital expenditure			
Outstanding commitments at 30 September 1986 are estimated at R102 000 (30 June 1986: R188 000).			
For and on behalf of the board			
P.F. Rastel, Director			
R.A.D. Wilson, Director			
Director: P.F. Rastel (Chairman), R.A.D. Wilson (Chairman), R.L. L'Esperance, G.S. Lee, G.S. Munn, J.E. van Niekerk, W.W. Hester, W.W. Mole			
16 October 1986			

**Eastern Transvaal Consolidated Mines Ltd**  
 Issued capital: 4 316 676 shares of 50 cents each

	Quarter ended 30 Sept. 1986	Quarter ended 30 June 1986	Financial year ended 30 June 1986
Operating results			
Ore milled	81 100	84 300	320 000
Gold recovered	87.27	97.29	373.62
Yield	5.7	5.8	5.6
Revenue	288.76	259.84	241.82
Costs	188.81	159.73	161.02
Profit	100.00	147.21	140.80
Revenue	25 305	21 800	84 961
Costs	6 105	6 250	36 489
Profit	17 201	12 610	48 482
Financial results			
Working profit - gold mining	17 201	12 610	48 482
Profit from sales of uranium oxide, P/Py and treatment of stockpiled tailings	767	1 306	4 274
Non-mining income	17 968	13 716	53 338
Prospecting expenditure	863	2 728	6 458
Stores realisation adjustment	—	140	140
Profit before taxation	17 015	10 846	47 237
Taxation	7 746	(703)	15 904
Profit after taxation	9 269	11 549	31 333
Capital expenditure	4 741	9 708	16 132
Dividends	—	6 475	10 792
	4 741	18 193	29 225
Development			
Advanced	498	291	1 473
Financial			
Despatches, which vary from quarter to quarter, are brought to account at their estimated receivable value. Operating profit takes into account adjustments following final price determinations on despatches made during previous quarters.			
Dividend			
Final dividend No. 81 of 85 cents per share, declared in June 1986, was paid in August 1986.			
Capital expenditure			
Outstanding commitments at 30 September 1986 are estimated at R20 407 000 (30 June 1986: R15 549 000).			
For and on behalf of the board			
B.E. Haver, Director			
D.J. Crowe, Director			
Director: B.E. Haver D.M.S. (Chairman), D.J. Crowe, M.D. Hanson, B.E. Haver D.M.S., G.S. Lee, G.S. Munn, J.E. van Niekerk, W.W. Hester, W.W. Mole, G.S. Munn, J.E. van Niekerk, W.W. Hester, W.W. Mole			
16 October 1986			







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LONDON RECENT ISSUES

Table of London recent issues with columns for Issue No., Issue Date, Issue Price, and Stock Name.

Table of Fixed Interest Stocks with columns for Issue No., Issue Date, Issue Price, and Stock Name.

Table of Rights Offers with columns for Issue No., Issue Date, Issue Price, and Stock Name.

AUTHORISED UNIT TRUSTS

Table of Authorised Unit Trusts listing various trusts and their details.

FT UNIT TRUST INFORMATION SERVICE

Main table of FT Unit Trust Information Service listing numerous unit trusts and their performance metrics.

FINANCIAL TIMES SURVEY: The Financial Times proposes to publish an EXPORT SERVICES SURVEY on November 17, 1986. Includes a list of subjects to be covered.

F.T. CROSSWORD PUZZLE No. 6,151

Crossword puzzle grid with clues for Across and Down words.

Answers to the crossword puzzle, including words like 'SHELLFISH', 'FRISK DOCTOR', and 'CRAZY ORIENTAL TV SOAP OPERA'.

Vertical text on the left margin: Overseas expansion lifts UEL by 25%



AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, including insurance policies and unit trusts, with columns for company names, product details, and contact information.

INSURANCES

Table listing insurance companies and their products, including details on policy types and contact information.

Table listing various unit trusts and investment funds, including details on asset classes and performance metrics.

Table listing additional unit trusts and investment funds, including details on asset classes and performance metrics.

Table listing insurance companies and their products, including details on policy types and contact information.

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INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and financial services, including company names, addresses, and contact information.

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Table listing various insurance and financial services, including company names, addresses, and contact information.

Money Market Trust Funds table with columns for fund name, gross value, and net value.

Bank Accounts table with columns for bank name, gross value, and net value.

Table listing various financial services and products.

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Table listing various financial services and products.

NOTES section providing additional information and disclaimers.

TRADITIONAL OPTIONS section listing 3-month call rates.



# COMMODITIES AND AGRICULTURE

## Opec quota doubts hit oil market confidence

BY RICHARD JOHNS AND LUCY KELLAWAY

OIL PRICES fell yesterday as Opec members got ready for this evening's full Ministerial session which will tackle the sensitive issue of output quotas for the first time since the meeting began ten days ago.

In London Brent prices dropped nearly 50 cents to about \$18.60, compared with about \$19.25 at the end of last week. By lunchtime in New York yesterday prices of West Texas Intermediate had fallen in total by about 75 cents since Monday morning to about \$14.30.

A new-found determination on the part of Saudi Arabia and Kuwait to increase production of Opec production has shaken traders' confidence, leaving the market confused as to the most likely outcome of the meeting.

"When this meeting began everyone assumed that the present quotas would just be rolled over. Now nobody has any idea what is going to happen," Mr Peter Scutell of Elders Futures in New York said yesterday.

In Geneva yesterday, the committee charged with liaison—composed of the chief delegates of Nigeria, Indonesia and the United Arab Emirates—was consulting with Ministers of other member states individually in preparation for the full session.

It plans to complete the process by lunchtime today in the pursuit of agreement on a new long-term basis for sharing collective production to be completed from the beginning of next year.

Delegations from Saudi Arabia and Kuwait backed by

statements by their respective governments are insistent that a deal should be struck before the conference disperses already it is the lowest ever—and by the end of October when the two-month interim accord limiting Opec output to 16.6m b/d.

An implied threat of a return to the "price war," with further disastrous consequences for the revenues of other poorer and indebted producers, continued to hang heavily over this session. The general conviction is that the interim accord will be rolled over until the end of 1986, but only at the cost of conceding a higher permitted rate of production to Kuwait and several other members over the last two months of the year.

## EEC still divided over dairy surpluses

By Tim Dickson in Brussels

EEC FARM Ministers ended their monthly meeting in Luxembourg last night seemingly as divided as ever on how to treat the community's mounting dairy surpluses.

Strong objections were yet again raised to virtually all the European Commission's proposals for reform and a "disappointed" Mr Michael Jopling, Britain's Agriculture Minister and current chairman of the Farm Council, was left with little option but to promise further discussion of the issue at the next session in November.

The Commission, however, sensitive to criticism of its own handling of the market, made no attempt to conceal its growing frustration at the latest political prevarication and repeated its assertion that the situation is "very, very serious."

Commission President Jacques Delors' Coordinator Frans Andriessen and Budget Commissioner Henning Christophersen had spent the day budgetary implications of spiralling EEC agricultural spending as expected to the Community's Finance Ministers on Monday while a Commission spokesman reminded listeners yesterday that each tonne of surplus butter costs Ecu 325 per tonne, the latest count the EEC's butter "mountain" stood at a record 1.4m tonnes.

There was a suggestion by some diplomats after yesterday's meeting that the Commission's proposal to suspend intervention purchases of skimmed milk powder during the winter months might have won the support of a majority of member states. And there was at least qualified approval for the idea of not forward by the Commission) of increasing the rate of the so-called "super levy," a tax on producers which exceeds their quota.

Mr Andriessen, however, was understood to be anxious that Ministers treat all Commission proposals on the table as a "package" and there was thus no move to push through on their own the more acceptable parts of the proposals.

The Commission's request to be able to suspend intervention purchases of skimmed milk powder in "exceptional circumstances" got a generally dusty response from member states with the exception of some Mediterranean countries. Similarly the idea of discontinuing the system of transferring milk quotas from region to region—estimated to add 2m tonnes of milk to annual production—found support only from the southern states and Britain and Luxembourg.

## Agreement on olive oil aid

A 40 per cent increase in the level of olive oil aid was agreed by the EEC budget around Ecu70m in 1987—was quickly agreed by the Farm Ministers at their Luxembourg meeting.

Mere opposition from Northern member states had been enough to prevent the Commission's olive oil aid proposals, which benefit olive oil bottlers and packers in Italy, Greece, and (to a lesser extent) France. Yesterday's agreement fixes the threshold and representative prices, which in turn are used to calculate the subsidy.

## LONDON MARKETS

COFFEE FUTURES values continued on their switchback ride yesterday as the January position's 500 rise to \$2,162.50 a tonne wiped out Monday's 565 advance. The downturn was sparked off by selling in New York, where a recent heavy buyer, who had been believed to be operating on behalf of the Brazilian authorities, was reported to have turned into a seller. Some London traders, however, insisted that the reports were only rumours put about by operators with bearish positions.

The publication of statistics showing that European stocks are much higher than they were at this time last year was also quoted as a factor in yesterday's price decline. The market's nervousness was heightened because of a number of conflicting reports concerning Colombian exports. Some said these could be held up by the delayed harvest while others insisted that the country's stocks were plentiful and that export sales would be expanded to take advantage of the smaller Brazilian crop. On the London Exchange lead prices fell back a little on profit-taking following recent gains. The cash position, which had advanced nearly 500 in the preceding six trading days, closed 53 down at \$28.59 a tonne.

## LME prices supplied by Amalgamated Metal Trading

Grade	Unofficial + or -	High/Low
Cash	171.5-173.5	171.5/173.5
3 months	172.5-174.5	172.5/174.5

Official closing (am): Cash 171.5 (171.7), three months 172.5 (172.7). Final Kerb close: 172.5-174.5 (171.7). Final Kerb close: 172.5-174.5 (171.7).

## COPPER

Grade	Unofficial + or -	High/Low
Cash	118.5-120.5	118.5/120.5
3 months	119.5-121.5	119.5/121.5

Official closing (am): Cash 118.5 (118.7), three months 119.5 (119.7). Final Kerb close: 118.5-120.5 (118.7). Final Kerb close: 118.5-120.5 (118.7).

## LEAD

Grade	Unofficial + or -	High/Low
Cash	112.5-114.5	112.5/114.5
3 months	113.5-115.5	113.5/115.5

Official closing (am): Cash 112.5 (112.7), three months 113.5 (113.7). Final Kerb close: 112.5-114.5 (112.7). Final Kerb close: 112.5-114.5 (112.7).

## NICKEL

Grade	Unofficial + or -	High/Low
Cash	108.5-110.5	108.5/110.5
3 months	109.5-111.5	109.5/111.5

Official closing (am): Cash 108.5 (108.7), three months 109.5 (109.7). Final Kerb close: 108.5-110.5 (108.7). Final Kerb close: 108.5-110.5 (108.7).

## TIN

Grade	Unofficial + or -	High/Low
Cash	141.5-143.5	141.5/143.5
3 months	142.5-144.5	142.5/144.5

Official closing (am): Cash 141.5 (141.7), three months 142.5 (142.7). Final Kerb close: 141.5-143.5 (141.7). Final Kerb close: 141.5-143.5 (141.7).

## ZINC

Grade	Unofficial + or -	High/Low
Cash	108.5-110.5	108.5/110.5
3 months	109.5-111.5	109.5/111.5

Official closing (am): Cash 108.5 (108.7), three months 109.5 (109.7). Final Kerb close: 108.5-110.5 (108.7). Final Kerb close: 108.5-110.5 (108.7).

## GOLD

Grade	Unofficial + or -	High/Low
Cash	108.5-110.5	108.5/110.5
3 months	109.5-111.5	109.5/111.5

Official closing (am): Cash 108.5 (108.7), three months 109.5 (109.7). Final Kerb close: 108.5-110.5 (108.7). Final Kerb close: 108.5-110.5 (108.7).

## SILVER

Grade	Unofficial + or -	High/Low
Cash	108.5-110.5	108.5/110.5
3 months	109.5-111.5	109.5/111.5

Official closing (am): Cash 108.5 (108.7), three months 109.5 (109.7). Final Kerb close: 108.5-110.5 (108.7). Final Kerb close: 108.5-110.5 (108.7).

## REUTERS INDICES

Index	Value
1200: 1200	1200
1201: 1201	1201
1202: 1202	1202

## DOW JONES

Index	Value
Dow Jones	2800
S&P 500	1200
Nasdaq	3000

## MAIN PRICE CHANGES

Commodity	Change
Aluminium	+10
Copper	+5
Lead	+2

## NEW YORK

Commodity	High	Low
Aluminium	170	168
Copper	119	117
Lead	113	111

## CHICAGO

Commodity	High	Low
Aluminium	170	168
Copper	119	117
Lead	113	111

## LIVE CATTLE

Grade	High	Low
Live Cattle	100	98
Hog	80	78
Pork	60	58

## LIVE HOGS

Grade	High	Low
Live Hogs	70	68
Pork	50	48
Bacon	40	38

## MAIZE

Grade	High	Low
Maize	30	28
Wheat	40	38
Rye	20	18

## SOYBEANS

Grade	High	Low
Soybeans	20	18
Wheat	40	38
Rye	20	18

## CRUDE OIL

Grade	High	Low
Crude Oil	100	98
Gasoline	80	78
Heating Oil	60	58

## SOYBEAN MEAL

Grade	High	Low
Soybean Meal	30	28
Wheat	40	38
Rye	20	18

## MEAT

Grade	High	Low
Meat	100	98
Pork	80	78
Bacon	60	58

## OIL

Grade	High	Low
Oil	100	98
Gasoline	80	78
Heating Oil	60	58

## SUGAR

Grade	High	Low
Sugar	30	28
Wheat	40	38
Rye	20	18

## GRAINS

Grade	High	Low
Grains	40	38
Wheat	40	38
Rye	20	18

## WHEAT

Grade	High	Low
Wheat	40	38
Rye	20	18
Barley	30	28

## BARLEY

Grade	High	Low
Barley	30	28
Wheat	40	38
Rye	20	18

## US MARKETS

PRECIOUS METALS closed weaker on lack of bullish news, reports Helms. Traders and analysts described trading as lethargic with light volume. The lack of progress among Opec ministers in settling disputes on production levels prompted long liquidation in gold which touched off light commission sell stops. Coffee futures retreated sharply as weak technical and chart indicators were cited as reasons for the bout of liquidation. Cocoa gained moderately on speculative buying with activity dominated by day traders. Trading conditions remained thin with no change in fundamentals to influence activity. Sugar moved lower as prices broke out to the downside of a very narrow trading range on trade selling. Dumping by locals accentuated the net selling by trade houses that had been a persistent dynamic of the market since late last week.

## NEW YORK

Commodity	High	Low
Aluminium	170	168
Copper	119	117
Lead	113	111

## CHICAGO

Commodity	High	Low
Aluminium	170	168
Copper	119	117
Lead	113	111

## LIVE CATTLE

Grade	High	Low
Live Cattle	100	98
Hog	80	78
Pork	60	58

## LIVE HOGS

Grade	High	Low
Live Hogs	70	68
Pork	50	48
Bacon	40	38

## MAIZE

Grade	High	Low
Maize	30	28
Wheat	40	38
Rye	20	18

## SOYBEANS

Grade	High	Low
Soybeans	20	18
Wheat	40	38
Rye	20	18

## CRUDE OIL

Grade	High	Low
Crude Oil	100	98
Gasoline	80	78
Heating Oil	60	58

## SOYBEAN MEAL

Grade	High	Low
Soybean Meal	30	28
Wheat	40	38
Rye	20	18

## MEAT

Grade	High	Low
Meat	100	98
Pork	80	78
Bacon	60	58

## OIL

Grade	High	Low
Oil	100	98
Gasoline	80	78
Heating Oil	60	58

## SUGAR

Grade	High	Low
Sugar	30	28
Wheat	40	38
Rye	20	18

## GRAINS

Grade	High	Low
Grains	40	38
Wheat	40	38
Rye	20	18

## WHEAT

Grade	High	Low
Wheat	40	38
Rye	20	18
Barley	30	28

## BARLEY

Grade	High	Low
Barley	30	28
Wheat	40	38
Rye	20	18

## WHEAT

Grade	High	Low
Wheat	40	38
Rye	20	18
Barley	30	28

## BARLEY

Grade	High	Low
Barley	30	28
Wheat	40	38
Rye	20	18

## Price rise underlines recovery in demand for diamonds

BY KENNETH MARSTON, MINING EDITOR

THE STRENGTH of the recovery in demand for diamonds that began in 1985 after nearly five years of recession was underlined yesterday by the second increase in prices of rough (uncut) stones to be made this year by De Beers' Central Selling Organisation.

The South African-controlled organisation, which regulates the marketing of over 80 per cent of world diamond mine output on behalf of De Beers and other producers, is lifting prices of rough gem and industrial diamonds by an overall 7 per



CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar down despite support

CO-ORDINATED intervention by European central banks failed to put a firm base under the dollar yesterday and sterling also appeared to benefit very little from the rise of 1 per cent to 11 per cent in the bank base rate.

The first sign that European central banks were to repeat the previous Tuesday's support for the dollar came when the West German Bundesbank bought the US currency in Frankfurt.

meeting last month. The dollar closed weak, however, at DM 1.8755 in Frankfurt, compared with DM 1.8700 on Monday.

STERLING - Trading range against the dollar in 1986 is 1.5354 to 1.5700. September average 1.6111. Exchange rate index rose 0.1% to 67.6, compared with 76.4 six months ago.

EMU EUROPEAN CURRENCY UNIT RATES

Table with columns: Country, Unit, % change from central bank, % change adjusted for divergence, % divergence.

STERLING - Trading range against the dollar in 1986 is 1.5354 to 1.5700. September average 1.6111. Exchange rate index rose 0.1% to 67.6, compared with 76.4 six months ago.

FINANCIAL FUTURES

Gilts continue to fall

THE MOOD was generally bearish on the London International Financial Futures Exchange yesterday. Long-term gilts for December delivery opened weaker at 111.07, and were drifting lower before the announcement that the Bank of England was sanctioning a 1 per cent rise in UK clearing bank base rates.

The move was a surprise to the market, but was initially greeted reasonably well, as traders felt that at least the authorities were acting to stop the decline of the pound and correct above target sterling in money supply.

STERLING - Trading range against the dollar in 1986 is 1.5354 to 1.5700. September average 1.6111. Exchange rate index rose 0.1% to 67.6, compared with 76.4 six months ago.

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STERLING INDEX

Table with columns: Date, Index, % change.

CURRENCY RATES

Table with columns: Country, Rate, % change.

CURRENCY MOVEMENTS

Table with columns: Country, Movement, % change.

OTHER CURRENCIES

Table with columns: Country, Rate, % change.

POUND SPOT - FORWARD AGAINST THE POUND

Table with columns: Date, Spot, Forward, % change.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table with columns: Date, Spot, Forward, % change.

EURO-CURRENCY INTEREST RATES

Table with columns: Currency, Term, Rate, % change.

EXCHANGE CROSS RATES

Table with columns: Currency, Rate, % change.

CURRENCY FUTURES

Table with columns: Contract, Price, % change.

MONEY MARKETS

Bank prompts base rate rise

BARCLAYS BANK led the way to a rise of 1 per cent to 11 per cent in clearing bank base rates, after receiving the green light from a move from the Bank of England.

At noon the authorities revised an initial forecast of a flat credit position in the London money market to a shortage of around £100m, and offered the discount houses borrowing facilities in the afternoon at a rate of 11 per cent.

The Bank of England did not intervene in the market before lunch, or in the afternoon, but £10m to the houses for seven days at 11 per cent, after further revising the forecast shortage to around £20m.

Three-month interbank rates rose to 11 1/2-1 1/4 per cent from 10 1/2-1 1/4 per cent, as dealers pondered the rise in base rates, and hoped Mr Nigel Lawson, the Chancellor, would convince the markets that 1 per cent was enough at tomorrow's Mansion House speech.

Bills maturing in official hands.

FT LONDON INTERBANK FUNDING

Table with columns: Term, Rate, % change.

LONDON MONEY RATES

Table with columns: Term, Rate, % change.

NEW YORK MONEY RATES

Table with columns: Term, Rate, % change.

NEW YORK TREASURY BILLS

Table with columns: Term, Rate, % change.

NEW YORK LIBOR

Table with columns: Term, Rate, % change.

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tion of the foreign exchanges the increase was also not enough to support sterling.

December long gilts recovered a little on late short covering, and buying by Wedd Darbar, to close at 110.05, compared with 111.15 on Monday.

Three-month sterling deposits for December delivery opened little changed at 89.09, and were sold down to 89.02 ahead of the base rate announcement.

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35% AVERAGE PER YEAR 1973-1986. Advice on US Growth Stocks with High Profit Record. Hedge with Stock Index Options. Send for 13-Year Monthly Results. Minimum portfolio \$50,000. Write or call: EDWIN HARGITT & CO. S.A.

COMPANY NOTICES. EUROPEAN COAL AND STEEL COMMUNITY. US\$20,000,000. 6 1/2% 1966/1986. Final Redemption. The Commission of the European Communities hereby announces the results of the tendering process for the issue of bonds to be repaid on or after October 3, 1986.

PERSONAL. THE MARRIAGE BREAKUP (through January 1, 1986). New Bond Street, W1 0-699 9004. (E.C. 1983) Personal Service.

REPUBLIC CLEARING CORPORATION. A \$12.5 Billion Company. Strategic Analyst. A leading international investment group requires a senior Strategic Analyst to be based in London to participate in the development of expansion strategies.

World Telecommunications Conference. Key issues to be discussed: How have the recent upheavals in the US market altered the pattern of competition, and what are the likely future trends in American policy? How are continental European countries responding to the competitive challenges unleashed by policy changes in the US and Britain, and what are the prospects for closer European collaboration?

World Telecommunications Conference. Speakers taking part include: Mr Geoffrey Patten, Mr Masashi Kojima, Mr Helmut Schmidt, Mr Morris Tanenbaum, Sir George Jefferson, Mr Bert Halprin, Mr Paul Henson, Mr Cor Wit, Mr Robert J Eckenrode, Mr Pierre Suard, Mr Geza Feketekuty, Mr Michel Carpentier. Date and Venue: 1st and 2nd December, 1986. Hotel Intercontinental, London.



BRITISH FUNDS

AMERICANS - Cont.

LONDON SHARE SERVICE

ENGINEERING - Continued

INDUSTRIALS - Continued

Table of British Funds with columns for Name, Price, and % Change. Includes sections for 'Shorts' (Lives up to Five Years), 'Five to Fifteen Years', and 'Over Fifteen Years'.

Table of American Stocks with columns for Name, Price, and % Change. Includes sections for 'CANADIANS' and 'BANKS, HP & LEASING'.

BUILDING, TIMBER, ROADS - Cont.

DRAPERY & STORES - Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Price, and % Change.

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

CHEMICALS, PLASTICS

ELECTRICALS

Table of Chemicals and Plastics stocks with columns for Name, Price, and % Change.

Table of Electricals stocks with columns for Name, Price, and % Change.

Index-Linked

Table of Index-Linked funds with columns for Name, Price, and % Change.

INT. BANK AND O.E.A.S GOVT. STERLING ISSUES

Table of International Bank and O.E.A.S Government Sterling issues with columns for Name, Price, and % Change.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and % Change.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans with columns for Name, Price, and % Change.

LOANS

Table of various Loans with columns for Name, Price, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails with columns for Name, Price, and % Change.

AMERICANS

Table of American stocks with columns for Name, Price, and % Change.

BANKS, HP & LEASING

Table of Banks, HP & Leasing stocks with columns for Name, Price, and % Change.

BEERS, WINES & SPIRITS

Table of Beers, Wines & Spirits stocks with columns for Name, Price, and % Change.

DRAPERY AND STORES

Table of Drapery and Stores stocks with columns for Name, Price, and % Change.

BUILDING, TIMBER, ROADS

Table of Building, Timber, and Roads stocks with columns for Name, Price, and % Change.

ENGINEERING

Table of Engineering stocks with columns for Name, Price, and % Change.

INDUSTRIALS

Table of Industrial stocks with columns for Name, Price, and % Change.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Price, and % Change.

Table of Engineering stocks with columns for Name, Price, and % Change.

FOOD, GROCERIES, ETC

Table of Food, Groceries, etc. stocks with columns for Name, Price, and % Change.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks with columns for Name, Price, and % Change.

INDUSTRIALS (Miscellaneous)

Table of Miscellaneous Industrial stocks with columns for Name, Price, and % Change.

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LONDON STOCK EXCHANGE

Base rate rise takes market by surprise and leads to sharp fall in securities

Account Dealing Dates table with columns for Option, First Declared, Last Account, Dealings, and Dates.

The timing of the decision by the authorities to allow UK base rates to rise, signalled first at mid-morning in the London money markets, caught stock and bond traders by surprise.

The FT Government Securities Index edged 0.73 to 82.81. On the equity front, the FT-SE 100 Index fell 18.8 to 1,562.5, and the FT Ordinary Share Index 13.1 to 1,323.3.

Bank shares, heartened by the move to bring their base rate into line with the money market where the banks finance themselves, held steady, contrasting with the setback in industrials.

recently been unsettled by adverse comment on the interim figures.

Composites failed to extend Monday's good gains. Quotations reacted in sympathy with the general dull trend and closing falls ranged to 13.

Dealers reported a session in TSB and the price settled a penny cheaper at 85.5p.

Property developers Citygrove staged a successful debut in the United Securities Market: the shares, placed at 100p, touched 108p prior to closing at 108.5p, a first-day premium of 8.5p.

FINANCIAL TIMES STOCK INDICES table showing various indices like Government Secs, Fixed Interest, Ordinary, Gold Mines, etc. with columns for 14, 13, 12, 11, 10, 9, 8, 7, 6, 5, 4, 3, 2, 1, and Year Ago.

Day's High 1278.8, Day's Low 1262.3, Best 100 Govt. Secs 15/10/26, Fixed Int. 19/28, Ordinary 17/25, Gold Mines 12/25, SE Ashby 17/4 - Wm 11/60.

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throughout and closed 7 higher at 327p, but recent takeover favourite Britton Estate came back to 170p in the absence of any developments.

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and Crossfield, 2 off at 371p, and Patern Zochonis, unchanged at 235p, were hardly affected by their respective interim results, but Steel Bros improved 5 more to 365p.

News of the higher-than-expected September trade deficit failed to deter interest, especially for the leading resource stocks.

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and 12 respectively. Matsuda hardened a penny to 236p following the placing of 10 per cent of the equity in the leading Australian institutions to finance further development of its Mount Magnet gold project.

London-registered Financials reacted to persistent profit-led rises. Concessions Gold Fields, widely supported recently amid strong traded option business and rumours of a break-up bid, ran back 10 to 699p.

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FT-ACTUARIES INDICES

Table of FT-Actuaries Indices showing various equity groups and sub-sections with columns for Index No., Day's Change, and Index No. for previous days.

FIXED INTEREST

Table of Fixed Interest rates showing various indices and their yields, with columns for Index No., Day's Change, and Index No. for previous days.

LONDON TRADED OPTIONS

Table of London Traded Options showing various options with columns for Calls and Puts, and their respective prices and volumes.

EUROPEAN OPTIONS EXCHANGE

Table of European Options Exchange showing various options with columns for Calls and Puts, and their respective prices and volumes.

BASE LENDING RATES

Table of Base Lending Rates showing various banks and their respective rates, with columns for Bank Name and Rate.

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WORLD STOCK MARKETS

Table of world stock markets including Australia, Germany, Norway, Japan, Canada, and various regional indices. Columns include stock names, prices, and changes.

Table of Canadian stock markets including Toronto and Montreal. Columns include stock names, prices, and changes.

Indices

Table of various stock indices including New York, London, and others. Columns include index names, values, and changes.

OVER-THE-COUNTER Nasdaq national market, closing prices

Table of over-the-counter stock prices from the Nasdaq national market. Columns include stock names, prices, and changes.

Table of NYSE-Consolidated 1500 Averages and other market data. Columns include average names, values, and changes.

Table of London stock markets including chief price changes and falls. Columns include stock names, prices, and changes.

Table of N. American Quarterly Results for various companies. Columns include company names, revenue, and profit.

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Advertisement for 'INTERNATIONAL PROPERTY REVIEW' featuring a globe illustration and contact information.



NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of stock prices with columns for 12 Month, High, Low, Stock, Div. Yr., P/E, 100s High, Low, and Change. Includes various stock symbols and their corresponding prices and changes.

Continued on Page 39

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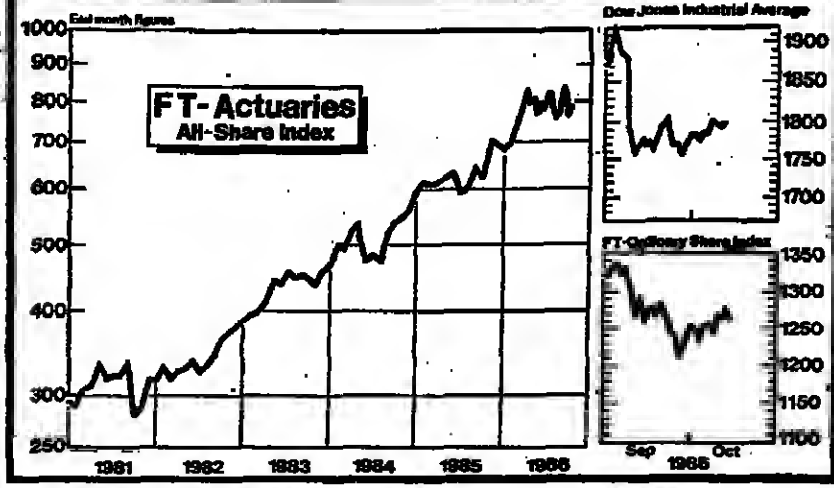




# FINANCIAL TIMES

## WORLD STOCK MARKETS

### KEY MARKET MONITORS



STOCK MARKET INDICES			
	Oct 14	Previous	Year ago
<b>NEW YORK</b>			
DJ Industrials	1,800.23	1,738.57	1,251.73
DJ Transport	827.63	829.58	680.58
DJ Utilities	196.30	196.76	154.34
S&P Composite	235.37	235.91	166.37
<b>LONDON</b>			
FT-100	1,282.3	1,275.4	1,023.9
FT-SE 100	1,592.5	1,612.3	1,211.1
FT-A All-share	797.49	794.94	645.00
FT-A 500	880.65	870.58	703.99
FT Gold mines	321.5	322.2	238.3
FT-A Long gilt	10.41	10.30	10.17
<b>TOKYO</b>			
Nikkei	17,318.07	17,338.73	13,017.3
Tokyo SE	1,466.56	1,462.14	1,038.93
<b>AUSTRALIA</b>			
All Ord.	1,350.5	1,336.7	1,036.5
Metals & Mins.	719.2	706.0	528.2
<b>AUSTRIA</b>			
Credit Aktien	229.55	230.29	203.09
<b>BELGIUM</b>			
Belgian SE	3,776.41	3,782.72	2,842.65
<b>CANADA</b>			
Toronto			
Metals & Mins	2,120.3	closed	1,837
Composite	3,018.1	closed	2,518.1
Montreal			
Portfolio	1,524.64	closed	126.81
<b>GERMANY</b>			
SE	n/a	193.63	232.43
<b>FRANCE</b>			
CAC Gen	388.10	388.70	209.3
Ind. Tendence	150.20	150.90	75.1
<b>WEST GERMANY</b>			
FAZ-Aktien	896.64	890.99	544.37
Commerzbank	1,888.80	1,877.70	1,628.7
<b>HONG KONG</b>			
Hang Seng	2,248.22	closed	1,594.35
<b>ITALY</b>			
Banca Com.	754.78	754.40	404.27
<b>NETHERLANDS</b>			
ANP-CBS Gen	274.20	274.40	212.4
ANP-CBS Ind	275.60	276.90	199.7
<b>NORWAY</b>			
Oelo SE	374.99	374.89	372.53
<b>SINGAPORE</b>			
Straits Times	882.82	894.03	749.88
<b>SOUTH AFRICA</b>			
JSE Golds	—	1,986.0	1,083.3
JSE Industrials	—	1,375.0	979.8
<b>SPAIN</b>			
Madrid SE	199.12	196.75	87.61
<b>SWEDEN</b>			
J & P	2,513.44	2,496.87	1,343.61
<b>SWITZERLAND</b>			
Swiss Bank Ind	561.70	559.70	485.0
<b>WORLD</b>			
Oct 13			
MS Capital Int'l	945.0	946.70	227.2
<b>COMMODITIES</b>			
(London)	Oct 14	Prev	
Silver (spot fixing)	392.05p	384.50p	
Copper (cash)	£319.00	£317.25	
Coffee (Nov)	£2,122.50	£2,232.50	
Oil (Brent blend)	\$13.80	\$13.95	
<b>GOLD (per ounce)</b>			
(London)	Oct 14	Prev	
London	\$428.50	\$432.25	
Zürich	\$428.375	\$432.625	
Paris (fixing)	\$429.80	\$430.59	
Luxembourg	\$431.40	\$431.50	
New York (10c)	\$430.50*	\$437.20	

### WALL STREET

## Stocks fail to hold early gains

FAILING to hold on to modest early gains, stock prices closed mixed in light and nervous trading on Wall Street yesterday, writes Roderick Oram in New York.

Credit markets drifted lower as they waited for the next round of economic data due out over the next three days.

The Dow Jones industrial average closed up 1.83 at 1,800.23. Broader market indices were lower, however, with the New York Exchange composite index off 0.34 at 135.55. NYSE volume was 17.7m with declining shares outnumbering rising by about four to three.

Prices were modestly ahead by early afternoon but trading on the NYSE was halted for almost an hour by a fire in administrative offices. When trading resumed, the tone of the market had changed and a discount on stock index options brought lower prices in the cash market.

Among blue chips, Sears Roebuck was ahead 3/4 at \$41 1/2, Procter & Gamble was up 5/8 at \$7 1/2, Bethlehem Steel was off 1/4 at \$7 1/2 and Du Pont was off 1/4 at \$80.

The transportation index, bolstered by airline stocks benefiting from rising fares and falling oil prices, traded above its previous record of \$27.63 set on March 31 before closing at \$27.63, down 1.75 points on the day. Major airlines are preparing across the board fare increases for late this month and the fuel prices are likely to fall further now Saudi Arabia has opposed extension of Opec's temporary production quotas. Moreover, the recent spate of airline mergers has reduced competition.

Deita rose 1/4 to \$49 1/2 yesterday, American Airlines was ahead 5/8 to \$69 1/2, United gained 3/4 to \$58 1/2 and Texas Air, poised to become the largest US airline after taking over People Express, gained 1 1/2 to \$35.

The news about Opec was bad for oil companies, however, leaving Exxon down 3/4 to \$68 1/2, Texaco off 3/4 to \$33 1/2, Chevron off 1/4 to \$42 1/2 and Royal Dutch Petroleum down 5/8 at \$89.

One leading analyst said third-quarter results of the oil majors will be the worst in 10 years, with refining margins continuing to deteriorate while exploration and production activities are at best only marginally profitable if not actually loss-making.

Leading banks showed yesterday a mixed third-quarter performance. J. P. Morgan fell 5/8 to \$63 1/2 on a slight profit easing while Chase Manhattan edged down 5/8 to \$38 after reporting quarterly profits of \$1.55 against \$1.74 and larger loan losses.

Among other banks, Security Pacific eased 5/8 to \$84 1/2 despite reporting higher profits.

Paper companies showed strength on favourable analyst reports. International Paper rose 5/8 to \$89 1/2, Fort Howard gained 3/4 to \$47 1/2 and Great Northern Nekoosa rose 3/4 to \$59 1/2. Boise Cascade eased 3/4 to \$58 1/2, however, after it reported profits of 38 cents a share in the strike-affected third quarter against last year's 65 cents.

High technology stocks were generally lower. IBM, which reported a 27 per cent fall in third-quarter profits on Monday, fell another 1/4 to \$120 1/2 despite its price/earnings ratio being well below the market as a whole.

Reflecting the computer industry's poor performance and bleak outlook, Honeywell fell \$1 to \$66 1/2 after it reported lower earnings. Similarly Burroughs was off \$1 at \$89 1/2, and Apple eased 3/4 to \$34 despite higher profits.

Among the leading semiconductor makers, Motorola was off 3/4 to \$35 1/2 and National Semiconductor fell 3/4 to \$9 while Intel, which recently reported a large loss, was unchanged at \$19 1/2.

### EUROPE

## Government crisis hits Brussels

A ROW THAT split Belgium's Flemish and French-speaking ruling coalition threatened to bring down the Government in that country yesterday. Prime Minister Wilfried Martens submitted his resignation to the King early in the day and news of the move sent shock waves through the market.

Brussels' market indicator, the Belgian stock exchange index, dropped 16.29 to 3,776.41 on a late selling bout, and prices ended at their lows for the day and moderately below Monday's close.

Belgium's King rejected the resignation, putting it in suspense, and if the situation is not resolved today, brokers expect further selling.

Market barometer, oil group Petrofina, dropped BFr 110 to BFr 9,100 after opening only BFr 20 lower, while holding company Tractebel slipped BFr 120 to BFr 6,000.

Retail issue GB-Inno-BM shed BFr 60 to BFr 8,200 as the company said it planned a one-for-10 stock split and BFr 1.5bn bond issue carrying warrants.

Frankfurt was one of the few European bourses to display any life yesterday as foreigners stepped in to take advantage of an empty market. The Commerzbank index gained 19.1 to 1,998.8 after languishing in the doldrums for several days.

Despite continued concern over the weakness of the dollar - the currency halted its fall in the morning after reported intervention by several European central banks - car maker VW caught investors' attention and shot up DM 13.50 to DM 485. Other car shares were also winners, with Daimler recording a gain of DM 6 to DM 1,226 and BMW registering a similar advance to DM 611.

Deutsche Bank was also a star performer on the day, adding DM 10.50 to DM 800.50.

Service sector group IVG, whose shares were offered to the public at DM 185 in a re-privatisation programme by the Government, yesterday traded at DM 188.

Bonds were easier, kept lower by uncertainty on foreign exchange markets. Foreigners were net sellers, pushing prices an average of 25 basis points lower.

The Bundesbank bought a small DM 4.8m worth of domestic paper after purchasing DM 129.5m during Monday's dramatic selling spree.

Stockholm also turned higher after a depressing start to the week and despite a national strike. Volume picked up some pace too, rising to SKr 306m worth of stock traded against only SKr 205m in the previous session.

Volvo topped the active list gaining SKr 7 to SKr 379 but rival Saab was not as fortunate, shedding SKr 5 to SKr 685 as it warned that it may have to lay off around 11,000 workers because of the strike.

Oelo was quiet but healthy.

Amsterdam closed narrowly mixed in virtually stagnant trading, while Milan showed a similar trend on the eve of monthly settlements.

In the Italian insurance sector, Generali continued to respond to rumours that a significant stake may change hands. The issue rallied to L130,400, up L1,850 after reaching as high as L131,800.

Zarich experienced some bargain hunting but most prices ended mostly steady. Swiss Re was unchanged at Sfr 17,500, while Helvetia, a smaller insurer, advanced Sfr 15 to Sfr 3,540. Bonds were also steady.

Paris turned lower towards the close as investors remained unwilling to take new positions.

Galleries Lafayette put on Ffr 15 to Ffr 1,030 despite falling into the red for the first half of this year. The group

### EUROPE

## Government crisis hits Brussels

bled the drop in tourism after terrorist attacks in the city for its declining sales.

Declines were led by Alstom, which fell Ffr 17.90 to Ffr 332 and Lesteur, off Ffr 55 to Ffr 1,275.

The Government's sale of 10.8m Elf Aquitaine shares was more than five times oversubscribed, the Paris Stockbrokers' Association said yesterday. Elf, however, fell Ffr 5.20 to Ffr 317.

Madrid was marginally higher.

### TOKYO

## Strong start succumbs to selling

THE UNCERTAIN market outlook kept trading thin in Tokyo and share prices closed slightly lower after fluctuating erratically, writes Shigeo Nishiwaki of Jiji Press.

The Nikkei average ended at 17,318.07, down 20.86 points from the previous day. The closely watched market barometer scored a gain of 108 points in early trading, but suffered a loss of 241 points shortly after the start of afternoon trading.

Volume totalled 359.19m shares compared with Monday's 243.89m. Losers outnumbered gainers by 447 to 353, with 118 issues unchanged.

The market got off to a strong start, supported by small-lot buying from the dealer sections of securities houses. Investors were relieved at news that the New York Stock Exchange was steady on Monday despite the outcome of the US-Soviet summit meeting in Reykjavik, Iceland at the weekend.

But large-capital stocks, which had been bought heavily between late September and early October, came under small-lot selling pressure which dampened investors' enthusiasm. Towards the close the market recouped most of the early losses, helped by investment trust companies' buying.

An official of a major brokerage company said that investors, still concerned about the market direction, concentrated trading on issues sought by investment trusts and dealers to earn short-term capital gains.

On the trading floor, medium and small-capital blue chips fared well. Canon rose Y40 to Y1,060, Anritsu Electric Y240 to Y3,480 and Pioneer Y140 to Y2,220.

But recently selected large-capital stocks continued to decline. Tokyo Gas, although topping the active list with 151.2m shares changing hands, lost Y30 to Y1,060. Ishikawajima-Harima Heavy Industries, third with 12.22m shares, fell Y25 to Y550, while Nippon Kokan closed Y20 lower at Y282.

Eitachi shed Y10 to Y1,070, Toshiba Y17 to Y705, Mitsubishi Electric Y34 to Y480, Mitsubishi Heavy Industries Y25 to Y518 and Tokyo Electric Power Y200 to Y7,850.

After opening lower, bond prices firmed, bolstered by bid securities houses' buying.

The yield on the benchmark 6.2 per cent government bond, maturing in July 1995, rose to 4.820 per cent in early trading and then moved in the 4.800 per cent range.

In the afternoon session, big brokerage houses placed large buy orders, pushing the yield on the benchmark issue down to 4.780 per cent, compared with Monday's close of 4.805 per cent.

### LONDON

## UK Government decision to allow base rates to rise by one point caught London markets by surprise

THE UK Government's decision to allow base rates to rise by one point caught London markets by surprise and equities, gilts and bonds closed lower. The FT Ordinary share index dropped 13.1 to 1,282.3, while the more broadly-based FT-SE lost 19.8 to 1,592.5.

Gilts ended with losses ranging to 1 1/4 points.

Bank issues, heartened by the move to bring their base rates into line with the money market held steady, contrasting with the setback in industrials.

Support for international equities was checked when sterling tried to move higher.

Chief price changes, Page 37; Details, Page 38; Share information Service, Pages 34, 35.

### LONDON

## UK Government decision to allow base rates to rise by one point caught London markets by surprise

BRISK TRADING took Australian issues to peak levels on keen support for gold, metal and industrial stocks and the All Ordinaries index closed 11.2 higher at a record 1,350.4.

Among golds, Central Norseman gained 40 cents to A\$16.80, GME 30 cents to A\$15.80 and Emperor 18 cents to A\$8.24.

Heavyweight miners found strong support with CRA adding 33 cents to close at A\$8.22 and Peiko up 30 cents at A\$9.80.

### SINGAPORE

## LATE profit-taking sent prices lower in Singapore, where trading was active and the Straits Times industrial index dropped 11.21 points to 882.82.

Sealion Hotel led the actives and closed 1 cent lower at 70 cents. Incheape, the number two active dropped 3 cents to S\$2.83. UOL slipped 5 cents to S\$1.67.

Among banks, Malayan Banking lost 12 cents to S\$4.06, while Tat Lee Bank fell 13 cents to S\$2.82.

### FINANCIAL FUTURES

	Latest	High	Low	Prev
<b>CHEAGAO</b>				
US Treasury Bonds (CBT)				
8% 32nds of 100%	95-20	96-12	95-18	96-03
US Treasury Bills (TBM)				
\$1m points of 100%	94.97	95.01	94.96	94.98
<b>CERTIFICATES OF DEPOSIT (CMB)</b>				
\$1m points of 100%	94.97	95.01	94.96	94.98
<b>LONDON</b>				
Three-month Eurodollar				
\$1m points of 100%	94.16	94.18	94.14	94.15
20-year National Gilt				
£50,000 2nds of 100%	110-05	111-19	109-25	111-15

### HONG KONG

## PROFIT-TAKING combined with speculative selling to send prices sharply lower in heavy Hong Kong trading and the Hang Seng index lost 30.30 to close at 2,249.22.

The adjustment had been expected after a month-long rally.

Cheung Kong was HK\$1.75 cheaper at HK\$31, while Wharf and Hongkong Land lost 5 cents each to HK\$8.35 and HK\$7.75 respectively.

### SOUTH AFRICA

## LITTLE ACTIVITY and interest saw Johannesburg shares close mostly lower.

Among golds Southwaal shed R2 to R188. Vaal Reefs remained steady at R28.75.

Industrials were mostly unchanged.

### FINANCIAL FUTURES

	Latest	High	Low	Prev
<b>CHEAGAO</b>				
US Treasury Bonds (CBT)				
8% 32nds of 100%	95-20	96-12	95-18	96-03
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20-year National Gilt				
£50,000 2nds of 100%	110-05	111-19	109-25	111-15

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# FINANCIAL TIMES SURVEY

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## The Olympic Contenders

Money has become as much a driving force as prestige in the competition by six leading world capitals to stage the 1992 Olympics

### Cities race for gold

By Arthur Smith

THE Olympic Games is a multi-million pound business beset by high politics. It could hardly be any other after Los Angeles in 1984 when entrepreneur Mr Peter Ueberroth cut costs and created the commercialism to deliver a profit of \$215m—the first surplus in the history of the modern games.

The consequences of that financial revolution can be seen this week at the Chateau de Vidy, Lausanne, on the shore of Lake Geneva, elegant headquarters of the International Olympic Committee, the movement's governing body. Six cities—Amsterdam, Barcelona, Belgrade, Birmingham, Brisbane and Paris—are jostling to present their case to host the 1992 summer Olympics.

For the 1988 Games there were only two candidates—Seoul in South Korea and Nagoya, in Japan. The decision is taken six years ahead, and then the memory last time around was only of the \$1bn loss of the 1976 Olympics at Montreal and the millions lavished by the USSR on the Moscow Games 1980.

The 1992 Games have a symbolic significance in that they mark the centenary of the appeal for a revival of the ancient Olympics by Frenchman Baron Pierre de Coubertin, a legendary figure in the movement.

More than that, they will pose starkly the pressures commercialism rather than politics is placing upon the Coubertin ideal of the Olympics as the place for the glorification of the athlete and for building international goodwill.

The 1992 Games will also put the seal on

changes that have been taking place within the International Olympic Committee, particularly the increase in headquarters staff since 1980 as new responsibilities have been taken on. For the first time the IOC will be negotiating direct with television companies for the rights to the Games. At Seoul, as in the past, the deal has been struck with the South Korean national organising committee.

The IOC had already taken over negotiations about marketing and sponsorship rights. Agreement was reached last year under which ISI Marketing, a Swiss-based company controlled by Mr Horst Dörsner, founder of sports goods manufacturer Adidas, will market the Olympic name and deal with the sponsors.

Whichever city wins the bid for the 1992 games control over the crucial elements of revenue will be exerted from Lausanne and by one man in particular, Mr Juan Antonio Samaranch, president of the IOC. Since his election in 1980 he has sent the winds of change whistling through the Movement.

The softly spoken Mr Samaranch, a wealthy 66-year-old industrialist and Spain's first ambassador to the Soviet Union in 1976, is every inch the diplomat. In a life-time's involvement with the Olympic movement he knows everyone and mixes easily with all, whether athletes or head of state.

The first shock to the system came when he moved home from Spain to establish himself at the Lausanne headquarters. This was a change from the style set in the 1950s and 1960s by Mr Avery Brundage, the

wealthy American who operated principally out of Chicago with just a handful of people in Switzerland.

During the 1970s under Lord Killanin, the numbers at the Chateau de Vidy crept up to just over a dozen. Now there are about 80 and new premises have had to be acquired.

Michele Verdier, head of the Press office, says: "We have changed from being general administrators. We have a lot more specialists and technical people."



Such professionalism is necessary, given the growing complexity of the games, the widening role of the IOC and the need to acquire the expertise to deal on more equal terms with the main paymasters—the television companies and the sponsors.

While ticket sales, lotteries and special issues of coins and stamps are money spinners, the main source of revenue is television rights, particularly for the US market.

In 1948 the BBC paid a \$1,500 "facility fee" to broadcast the London games. But it was not until the 1960 Rome Olympics that the sale of the rights became a real issue. In 1984 ABC paid \$225m for the US alone.

It was also the 1984 games that showed the way to handle sponsorship. Admittedly the pressure was on: a private company ran the Los Angeles Olympics with the city prohibiting public funding. The IOC was forced to accept this because there had been only two candidates and one of those, Tehran, pulled out.

Mr Ueberroth, as the entrepreneur in charge, restricted the number of sponsors, going merely for the big companies prepared to pay from \$4m to \$15m each. Costs were cut by making use of existing facilities or calling upon companies to provide new ones. Critics dubbed it the "Hamburger Olympics" after McDonalds paid \$4m for a swimming complex.

The lessons of Los Angeles have not been lost upon the six candidates for the 1992 games. Most make great play of how existing facilities can be utilised but equally cautious that commercialisation must be controlled to allow the Olympic ideal to remain supreme.

The IOC is still divided on how professional the games should be allowed to become and whether the doors should be opened wide to athletes paid officially for services.

Mr Samaranch, backed by his growing headquarters staff, might have moved too far too fast for some members. For all the changes in sport in recent years the IOC as the ruling body remains very much the forum of the committed amateur.

Each country recognised by the IOC is allowed one member—two if it is particularly large or has previously hosted the games. They are unpaid but can claim expenses. They are usually male and from a wealthy elite—government officials, former ambassadors, company directors, army officers and even nobles.

These are the people who on October 17 will cast their votes in secret ballots on which city should host the 1992 summer Olympics. The exception will be Mr Samaranch: he comes from Barcelona, favourite for the games, but has taken a neutral public stance and declared he will not use his vote.

Much as he has tried to distance himself from the decision he seems likely to be criticised whatever happens. Victory for Barcelona could be interpreted as a reflection of his dominant influence within the movement; defeat as rebuff to the man and the changes he has introduced.

Observers believe Barcelona, after four previous attempts and coming from the one leading west European nation yet to host the Olympics, will pull the most votes in the first round. Even with the expected backing from the Spanish-speaking Americas, support may fall short of a majority, however.

Paris, with its beguiling attractions, is also expected to attract a lot of votes. The timing of recent terrorist bomb attacks in the city has put an unfortunate blot upon

what had been a very smooth campaign. But of the six contenders, only Brisbane has escaped such outrages in recent years. Terrorism has become an accepted fact and all candidates have laid great stress upon the security measures they will take.

Another issue that observers believe could prevent Paris voting its full weight is that France also has a contender for the winter Olympics.

Three countries in the past have managed to host both games; France in 1924, the US in 1932 and Germany in 1936. But the IOC, faced with an unprecedented number of candidates—six for the summer and seven for the winter games—is hardly likely to want to see one country walk off with all the honours.

France knows that it has a strong contender for the winter in Albertville in the Savoy region and continues to press its case. But there is no doubt, given the option, it is Paris that is top priority.

While France seems happy to try to ride two horses, competitors believe the secret voting system used by the IOC could undermine the ambitions of Paris. On October 17 members will vote first on the winter Olympics but the winner will not be declared until after they have voted also on the summer games.

Birmingham, a late entrant to the race which has come through strongly because of the technical excellence of its facilities, believes its chances will increase the longer the voting continues. The traditional rivalry between France and Spain could mean that votes will switch elsewhere to allow in a compromise candidate.

Belgrade, for all the merits of its case, is seen as the outsider. It is not clear how much support from the Soviet Union and eastern block will become forthcoming. The lack of spending on promoting the bid could indicate Belgrade has its eye on future games rather than 1992.

There has also been something of a lack of conviction about the campaign by Amsterdam which has been hampered by internal opposition from environmentalists. Big business has, however, given powerful financial support.

Brisbane is another strong candidate but may suffer from history: after the Pacific venues of Los Angeles in 1984 and Seoul for 1988 there is a belief the games should return to Europe.

The only certainty about the outcome of the vote is that there will be five disappointed cities. In true Olympic tradition only one competitor will achieve the gold.

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- IOC President: Juan Antonio Samaranch; page 6



## Birmingham. Olympic finalist.

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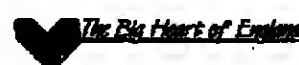
vitality of Birmingham's city fathers, can now only stand back and applaud.

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THE OLYMPIC CONTENDERS 2

Paris

Coubertin centenary raises hopes

THERE IS a confidence about the Paris bid that competitors might tend to criticise privately as arrogance. The city knows its undoubted cultural and tourist attractions and puts forward its claim in typical French philosophical and historic terms.

Paris argues that the 1992 games are the only ones it is interested in because that year marks the centenary of the appeal launched by Baron Pierre de Coubertin—Frenchman and legendary figure within the Olympic movement—for a revival of the ancient games.

Mr Jacques Chirac, Mayor of Paris, Prime Minister, and ardent supporter of the bid declares: "France and Paris feel that this anniversary embodies a requirement as well as a duty. That is the idea behind the candidacy of Paris."

Barcelona makes great play of the fact the Olympic torch has never burned in Spain. Paris staged the games in 1900 and again in 1924. But Mr Chirac maintains "On both occasions, the celebrations had been organised under extremely difficult conditions."

He points in particular to the ordeal the nation had undergone in the First World War: "Now that our country is fortunately sheltered from such upheavals, the 1992 games will offer Paris the exceptional opportunity to solemnly honour

the memory of the man who helped revive Olympism."

The Prime Minister pushed home the philosophic thrust of the Paris bid to make the games "a symbol of peace and harmony among peoples."

He says: "Our aim is to provide a 'soul' to the 1992 games, thereby enabling them to represent an historic moment. Thanks to its rich 2000-year-old past as well as its modernity, Paris is quite capable of materialising such hope."

The great advantage for Paris over cities like Birmingham and Brisbane is its international reputation as a place of beauty. Its publicity material can even devote a whole page to the climate in the season scheduled for the Games: "The loveliest time in Paris—it has now become obvious and notorious—is the month of August."

Paris's importance as a centre for fashion and entertainment prompts Mr Chirac to say "In which other candidate city can guests visit a different museum every day and contemplate what centuries of culture have bequeathed to the world in treasures art and civilisation."

A site in the heart of the city has been chosen for the building of the Olympic village in acres of parkland at Berry-Tolbiac. The complex, including luxury accommodation, shopping centre, restaurants and lei-

sure facilities, will be built on either side of the Seine.

The sports halls and swimming pool will be in the same area with the planned new Olympic stadium, the venue for the track and field events, 10 minutes away by coach. The site was chosen because of accessibility to the road network to cut down travelling time.

The problem of traffic congestion in the city is one upon which the critics concentrate. But the organisers insist that in August, when many Parisians have left the city on holiday, the traffic will flow. They argue it will take 50 minutes at the most to get to the furthest site—Fontainebleau—where the modern pentathlon is being staged.

Indeed, Paris claims to be one of the best equipped cities in the world for public transport, pointing to the metro, bus and rail services. Every Olympic site is said to be close to some form of transport.

The six main central railway stations handle up to 100m passengers a year, while the underground network has 15 lines connecting 364 stations. The three international airports every week handle aircraft from more than 260 cities bringing in an estimated 30m passengers.

Apart from the sailing events which will be on the Mediterranean at Hyeres, and the early rounds of the soccer, all the

other competitions will take place within 60 kilometres of the Olympic village.

Paris maintains that its existing sporting facilities mean that some four-fifths of the required locations are already almost available for use.

The two main venues still to be constructed are the 80,000 seat Olympic stadium, to be located 9 km from the athletes' village at Vincennes park, and the swimming centre at Tolbiac. The 250,000 spectators forecast to attend the various meetings every day, corresponds exactly with the tourist influx to Paris every August. The city argues that there will be no problems with accommodation.

The city has nearly 1,000 hotels with more than 62,000 rooms. A campaign is also to be launched to encourage people to welcome visitors to their homes—seen as a way of achieving one of the goals of the Olympic movement and "develop friendship between peoples."

Paris points also to an advantage from the progress France has made in the electronics and telecommunications industries.

The Olympic Games have become the event which, within the very brief course of two weeks, generates the most information and requires the largest number of instantaneous transmission tools."

Mr Chirac argues that the

technology available in France will guarantee to the 114 foreign television networks "perfect distribution of images and total security of signals."

The biggest blow to the aspirations of Paris has been the recent spate of terrorist bombings in the city. Mr Chirac had stressed in the submission of the bid: "France has no enemies; she cultivates friendship with all countries. The International Olympic Committee will find in Paris a serene and politically neutral climate."

Behind that claim is the belief that France, whose athletes have attended all the Olympic Games, could avoid the problems of boycotts, such as that by African states at Montreal in 1976, the US and West Germany at Moscow in 1980, and the Soviet Union and eastern bloc at Los Angeles in 1984.

Security backed by a 144-page brochure submitted to the IOC has always been a key part of the Paris bid. The city argues that because most of the events would be concentrated in a small area, policing would be the more efficient.

The Olympic village would have a double fence, wall-walks, cameras, radar and for the less sophisticated regarded as high risk "a somewhat strengthened protection."

Recent bombings and the lessons that have been learned will strengthen the determination of



The IOC headquarters at Lausanne, where the Paris case will be judged along with the five other contenders.

the French to demonstrate the city can be made safe.

Certainly there is political unity and no expense will be spared. Nearly two years ago a protocol agreement was signed that any budget deficit caused by the games will be met by the public sector—50 per cent from the state, with the balance split between the city of Paris and the region.

Nor is there lack of commitment to Paris in spite of the fact that France is also one of the front runners for the winter Olympics at Albertville in the

Savoy region.

The guiding principle of the Olympics that the games should be shared around the world means it is unlikely two cities from the same country would be selected to host both. There are precedents from the inter-war years with France in 1924, the US in 1932 and Germany in 1936, but these are likely to be ignored.

While both President Mitterrand and Prime Minister Chirac would prefer the prize of the summer rather than the winter olympics, the Albertville bid

has been pressed seriously. Some observers believe that this could put Paris at a disadvantage under the secret voting system used by the International Olympic Committee. On October 17 members will vote first on the Winter Olympics but the winner will not be declared until after they have voted also on the Summer games.

Such calculations are dismissed by the Paris supporters. They exude confidence—up to the point of arrogance.

Arthur Smith

Natural publicist with a place in establishment

Profile  
Alain Danet

MR ALAIN DANET, lawyer, successful sportsman, and presenter and personal selection of Prime Minister Jacques Chirac to head the Paris Olympic bid, is a member of the establishment.

A tall, lean, 65-year-old, he retains the grace of an athlete and the manners of an ambassador. His aides enthuse about the value of his personal contacts within... the 80-member International Olympic Committee.

It could hardly be otherwise. At the age of 30, having represented France first over the 400 metres and then as a hockey player, he became a member of the National Olympic Committee—a record that has seen him involved in every Games over three decades.

Entry to the sporting world was early. On June 28 1932, at the age of just 12 months, he became a member of the Racing Club of France—the largest sports club in France in spite of its somewhat elite membership.

It has trained many Olympic champions in its swimming pool and on tennis courts in parkland, just a few minutes drive from the Champs Elysees. The informal but fashionable restaurant tends to swing in political popularity and is currently reckoned to be the haunt of the Left.

Mr Danet's father was a former president of the Racing Club. He took over the unpaid

'We need the games, not for the benefit of our economy but to raise the standards of our sport, to offer a goal to our youth...'

role two years ago but it now takes only a limited amount of his time. According to an aide: "Alain is working 200 per cent for the success of Paris in the Olympics."

Paris was early into the race for the 1992 Olympics: Chirac declared publicly at the 1984 Games in Los Angeles that his city would be a contender. Danet, with a promotion budget of about \$2m, has been working flat out for nearly two years now.

He is a natural publicist as the advertising manager for 15 years of Paris Match and a man who subsequently set up his own fashion magazine. He remains a consultant to the French group, Poulain.

Mr Danet knows he has public support across the political spectrum and financial backing. Any loss that the games might suffer would be met 50 per cent by the Government with the rest picked up equally by the City of Paris and the Ile-de-France regional body.

But he insists: "It is not a question of money. It is a question of philosophy. We want the games. We need the games, not for the benefit of our economy but to raise the standards of our sport, to offer a goal to our youth and promote the ideals of the Olympic movement."

Mr Danet says that the idea of Paris as a venue for the games emerged in the wake of the boycott by the US of the 1980 Moscow Olympics and "the debate about whether a permanent location should be kept away from the power block politics.

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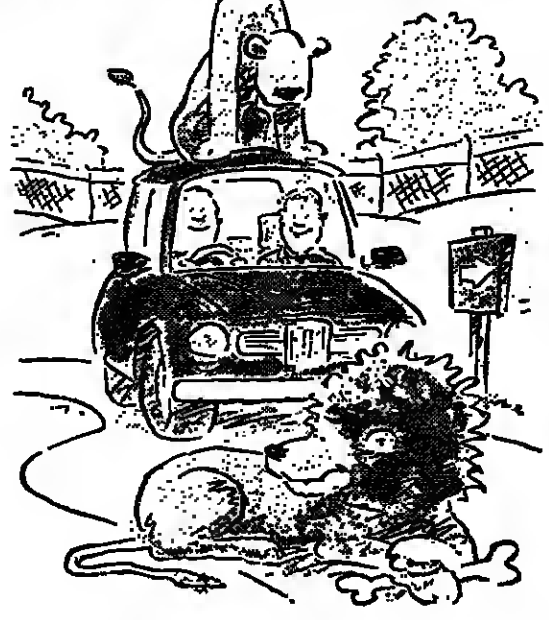
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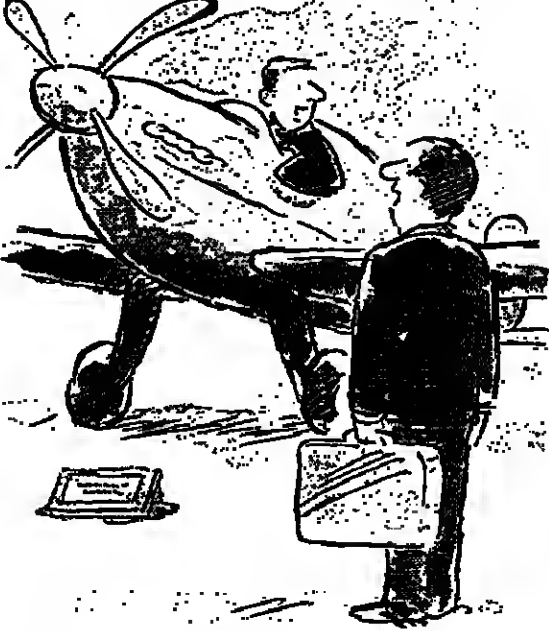
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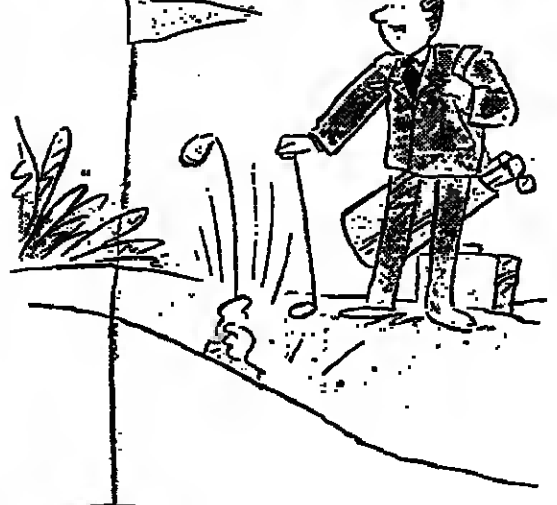
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# THE OLYMPIC CONTENDERS 3

## Birmingham

### Latecomer emerges as a leader

BIRMINGHAM was a latecomer to the Olympic bid—the city only decided in May last year to enter the fray—but it has rapidly emerged as a leading contender.

The key to the acknowledged technical strength of its proposals is the plan to build the Olympic village next to the successful National Exhibition Centre at the heart of the UK's transport network.

Mr Denis Howell, the former Labour Sports Minister and Birmingham's ambassador for the bid, is not bashful. "We have created a concept without precedent at any previous games. An island site, totally secure, within which we shall provide the village, the stadium and most of the main sports halls."

All facilities would be within five minutes walking distance of each other. Mr Howell says: "The convenience of the athletes and their security will go hand in hand in a way that has never been achieved."

Mr Ernie Irwin, of Ove Arup consulting engineers, called in to draw up the Birmingham proposals, says the bid seems to have developed a momentum of its own. His firm was given just eight weeks to prepare a feasibility study when the city council voted to compete for the British nomination. From

nowhere, Birmingham surged through to beat London and Manchester.

"Birmingham's philosophy was to find a means of giving the games back to the athletes through utilising the superb combination of communications, exhibition centre, sports facilities and tourist areas in the heart of England," he says.

Capital cost is kept to the minimum by taking advantage of existing facilities and road and rail links. Spending is estimated at US\$280m, of which \$133m will be for the main stadium and \$80m for the Olympic village.

The National Exhibition Centre, already used to stage events such as the International Motor Show, will act as the sports hall complex. The eight halls, each independently operated, can seat up to 140,000 spectators. Work starts shortly on a ninth hall, which would be used as the Press and television centre.

The planned 75,000 seat Olympic stadium, venue for the track and field events, is claimed to be "of revolutionary design." After the games it would be roofed to become the largest hall of its kind in Europe, capable of housing the world's biggest international exhibitions.

The Olympic village for the 14,000 athletes and team officials

would be landscaped on more than 100 acres of parkland next to the stadium and sports halls. More than 2,500 bungalow homes would be provided in a series of small communities grouped around village greens.

There will be restaurants, shops, cinemas and theatres but Mr Howell says: "We shall take care that the peace of the individual villages is protected from the bustle of the social centre." After the games the buildings will be relocated to provide high quality housing, time-share accommodation for the tourist industry and even units for high-technology industry.

The fact the Olympic village is on an island site bounded by roads and railways offers advantages in policing. The whole campus will be ringed by a high-grade security fence to supplement the physical barriers of canals and motorways.

All venues outside the main complex will be within a short distance, served by roads reserved for athletes, the media and officials. Mr Howell says 240m is being allocated for security. "We believe that Birmingham offers the Olympic movement the best and safest option for the games."

Some 50 per cent of athletes would be within walking distance of their competition venue

with a further 32 per cent within 25 miles. The only distant sport is yachting, which would be located on the south coast at Weymouth, selected by the Royal Yachting Association as the most suitable site in the British Isles. Helicopter transport would be provided to Birmingham.

The rowing, canoeing and kayaking events would be at the purpose-built national water sports centre at Holma Pierpoint, Nottinghamshire—about an hour's drive from Birmingham. Competitors would be offered the choice of living nearby or in the Olympic village.

For the equestrian, archery and some pentathlon events the location, 20 minutes drive from the Olympic village, are Stoneleigh Abbey Park and the National Agricultural Centre—home of the famous royal agricultural show, which attracts 100,000 visitors a day during the summer.

Communications from Birmingham at the centre of the national road and railway network was highlighted by Ove Arup in its study. Some 28m people live within 100 miles and up to 40m within three-hour's travelling time.

Birmingham, and the National Exhibition Centre in

particular, is already geared to handle events like the Olympics without major investment. The new 200m airport has regular flights to 64 cities, and a special terminal would speed access for athletes and officials. The expanding tourist industry, with Birmingham offering access to Shakespeare country and the historic towns of Stratford and Warwick, ensures good hotel and leisure facilities.

Mr Howell says 100,000 bed spaces are available within 45 minutes travel time of the Olympic city. Accommodation ranges from caravans and university campuses to old inns or five-star hotels.

Birmingham also wants to use the games to draw attention to the cosmopolitan nature of the local community and the city's cultural heritage. An arts festival is planned that will involve a range of local talent including not only the City of Birmingham Symphony Orchestra under its colourful conductor Simon Rattle, but also the nearby Royal Shakespeare Theatre company at Stratford.

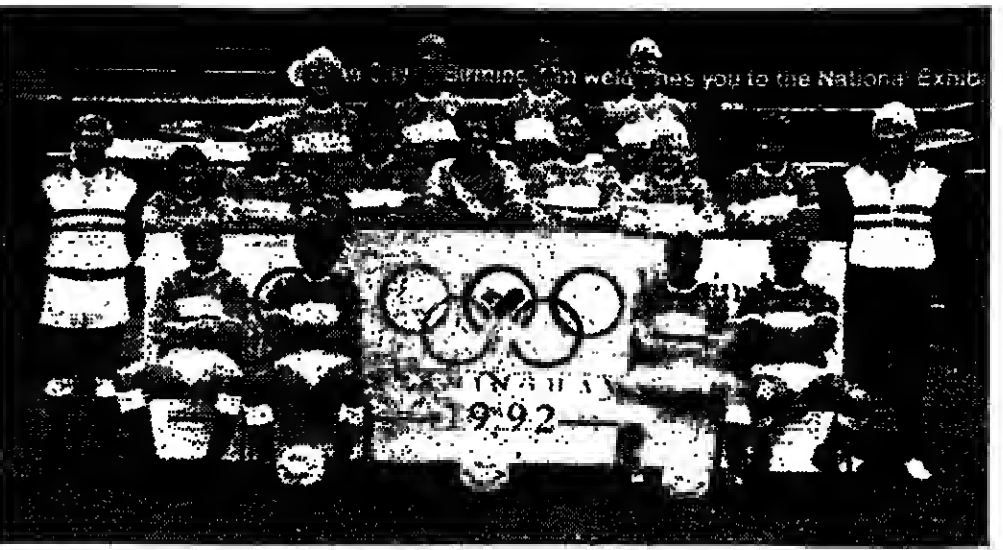
Concern for the Olympic ideal extends to plans to host a World Disabled Games under which nations and athletes would use all the facilities to be provided for the 1992 gathering.

Whether or not Birmingham, which has backed its campaign more with argument than promotional funds, is successful on October 17, the initiative has been valuable for the city. The "city of 1,000 trades" was at the forefront of the industrial revolution of the 18th and 19th centuries and has boomed in this century. But it has been shocked by the reverses of recent years—the shakeout that has hit the traditional engineering and metal industries and sent unemployment rocketing.

The Ove Arup report suggests that hosting the 1992 Olympics would create some 18,000 jobs and stimulate spending of more than £1bn. No-one disagrees that such estimates are conservative and the benefits could be far greater. More important, a city that built its strength on manufacturing is now pitching in the new markets of the service sector.

Hosting the Olympics is yet another opportunity to be grasped while plans press ahead for a £130m programme to establish the city as an international convention centre and building work starts on the £200m scheme to double the size of the National Exhibition Centre.

Arthur Smith

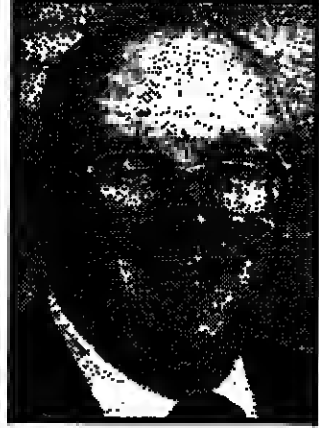


A sporting connection: Birmingham City Football Club and the campaign logo outside the National Exhibition Centre

### Labouring for sports

#### Profile

Denis Howell



sun approach of some of his rivals: "The target has to be the members of the IOC. They are the people who will decide."

His prime aim has been to get IOC members to visit the city: "You only have to walk them round the National Exhibition Centre and show them the facilities we can offer."

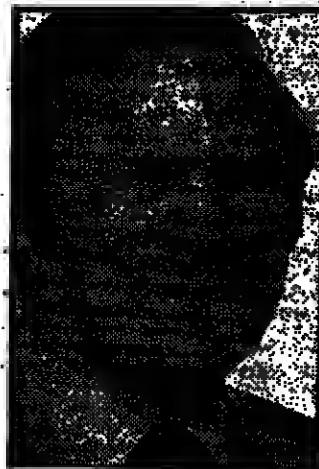
To speak to those unable or unwilling to visit Birmingham, Mr Howell grabs his suitcase and catches a plane. A recent quick trip took him to Istanbul to see Mr Turgut Atakol, the Turkish representative, who had been ill.

Such hectic travel has had an impact on both his home and parliamentary life. But he says his wife makes an important contribution and has helped entertain IOC visitors.

"My parliamentary colleagues have also been superb." Fellow members of Parliament had helped him with his constituency work: "They see it as their contribution to the Birmingham bid."

Mr Howell says he has also been lucky with his team of dedicated workers in Birmingham, particularly Mr Jimmy Mann, the Scot who has directed operations. Birmingham might have started late but Howell believes it is now in with a good chance of victory: "None of those members who vote on October 17 will be in any ignorance of the quality of the Birmingham bid. That is all you can expect to achieve."

Arthur Smith



Mr Jimmy Mann (above), the Scot directing Birmingham's campaign, which leans heavily on the presence of existing facilities such as the International Arena for accommodating sports. Press and officials

# MERCI PIERRE\*

## 1892 You resuscitated the Olympic Games. 1992 Paris is ready.



\* Pierre de Coubertin

PARIS 1992

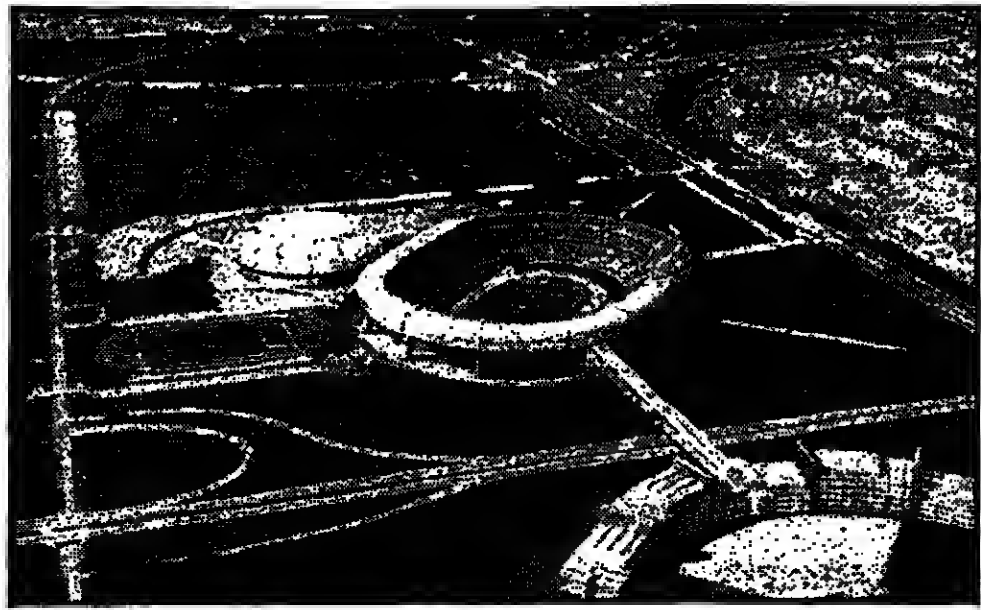




THE OLYMPIC CONTENDERS 4

Amsterdam

Cosy and frugal aesthetic appeal



The planned Olympic Stadium is six miles from central Amsterdam and would seat 78,000 people.

"GEZELLIG," the Dutch word meaning cosy, is a good way to describe Amsterdam's bid to host the Olympics. Most of the sporting events would be held in or near Amsterdam, itself a compact city.

Frugal is the other word that describes the Dutch plans to largely use existing facilities and have the games pay for themselves without government subsidies.

The Dutch are optimistic that their modest US\$62m bid will win because of its focus on sports competition in contrast with the commercialisation of the Los Angeles games in 1984. A cultural festival alongside the games and the traditional Olympic youth camp will add to the aesthetic emphasis.

The Netherlands' international orientation, relative tranquillity and convenient location also are seen as boosting chances.

One of the most eager supporters is Mr Ednard Van Thijn, Burgomaster of Amsterdam. During a recent interview he

brushed aside opposition to the games, which has since seen explosions that damaged the organising committee's headquarters and a communications-satellite dish.

"The people are very positive in general," he insisted. "The criticism of the Olympic Games is from a very small group, the same group that complains about tourism." A recent public opinion poll confirmed that 88 per cent of the Dutch want the games. Olympic T-shirts are proliferating.

Amsterdam, which hosted the Olympics in 1928, considers itself and Barcelona as the top two contenders for the nomination. Paris's recent wave of terrorism is viewed as a setback for the French capital while Birmingham is thought to have entered too late. Bristol, which has been in the running since the 1970s, and Belgrade suffers because Yugoslavia hosted the winter Olympics in 1984.

Barcelona is conceded to offer tough competition. The Spanish city has spent the longest time in preparing its bid and also is offering accessible and thrifty games. Moreover, Mr Juan Antonio Samaranch, chairman of the IOC, is from Barcelona.

But the Foundation for the Olympic Games in Amsterdam-1992 (OSA) remains confident, noting that its bid represents two years of planning and an investment of \$10m—half of that from business sources. Some argue that Mr Samaranch may actually vote for another city besides Barcelona to preserve an air of neutrality. Another unspoken concern is whether Basque terrorism could break out in the city.

Under Amsterdam's compact proposal, the final competitions in 19 of the 23 events would be held within 5 miles of the Dutch capital, mostly clustered in the RAI Congress Centre, the Amsterdam World and a new Olympic sports stadium. Some 85 per cent of the expected 9,000 athletes would be able to reach their competition or training venues within 15 minutes of the Olympic village.

The other four events would be dotted about the Netherlands. The cycling competition is planned for the southern province of Limburg, the only area with enough hills. Due to noise and safety considerations, shooting would take place in the open terrain of Fieroland Polder, one of the reclaimed polders in the IJsselmeer Sea. Sailing is planned for Medemblik on the western coast of the IJsselmeer and equestrian competition in the Ede Heath near Arnhem.

The OSA is counting on 3.4m visitors, of which 250,000 would converge on Amsterdam daily. A crowd of that size seems more than feasible for Amsterdam, already congested streets and dense population of 678,000.

Traffic control will be a major feat even with the OSA stre-



Olympic T-shirts are becoming a fad among the Dutch.

uously discouraging the use of private cars and encouraging public transportation. Park-and-ride facilities would be arranged in and near Amsterdam but the OSA's forecast that no one would use a car to get around the city looks like wishful thinking.

Lack of hotel space means charter cruise liners will be docked in the harbour for the influx of members of the Press not put in student flats. Amsterdam residents also will be expected to open their homes to the 150,000 overnight guests.

The Los Angeles games are seen as a turning point in the financing of Olympic Games, finally managing to avoid big losses. But in 1988 the Dutch already had proven that the games could be staged without resort to television rights and corporate sponsorship.

Three-quarters of the modest Fl 2bn budget then was covered with private donations, after The Hague vetoed a lottery. The city of Amsterdam gave a modest Fl 250,000 subsidy.

In 1992 the OSA is planning to cover three-quarters of its Fl 1.68bn (US\$622m) budget with revenue from television rights and corporate sponsorship, including licence fees for the Olympic emblem. The estimate of \$483m seems reasonable, but

could run into trouble if broadcast networks or corporate sponsors decide that TV sports is losing its appeal.

Another 5 per cent of the costs are to be covered by a lottery, which The Hague has officially blessed this time. Ticket sales will provide 6 per cent of the income and the rest will be covered by private donations and commemorative coins and stamps.

Spending has been kept under control by using existing facilities with only "modest and functional designs" for the necessary construction and improvements. Nevertheless, Mr Krijn Baitasa, co-director of OSA, is confident that the infrastructure is good enough to overcome the lack of adequate facilities that cost the city its bid for the 1992 Olympics.

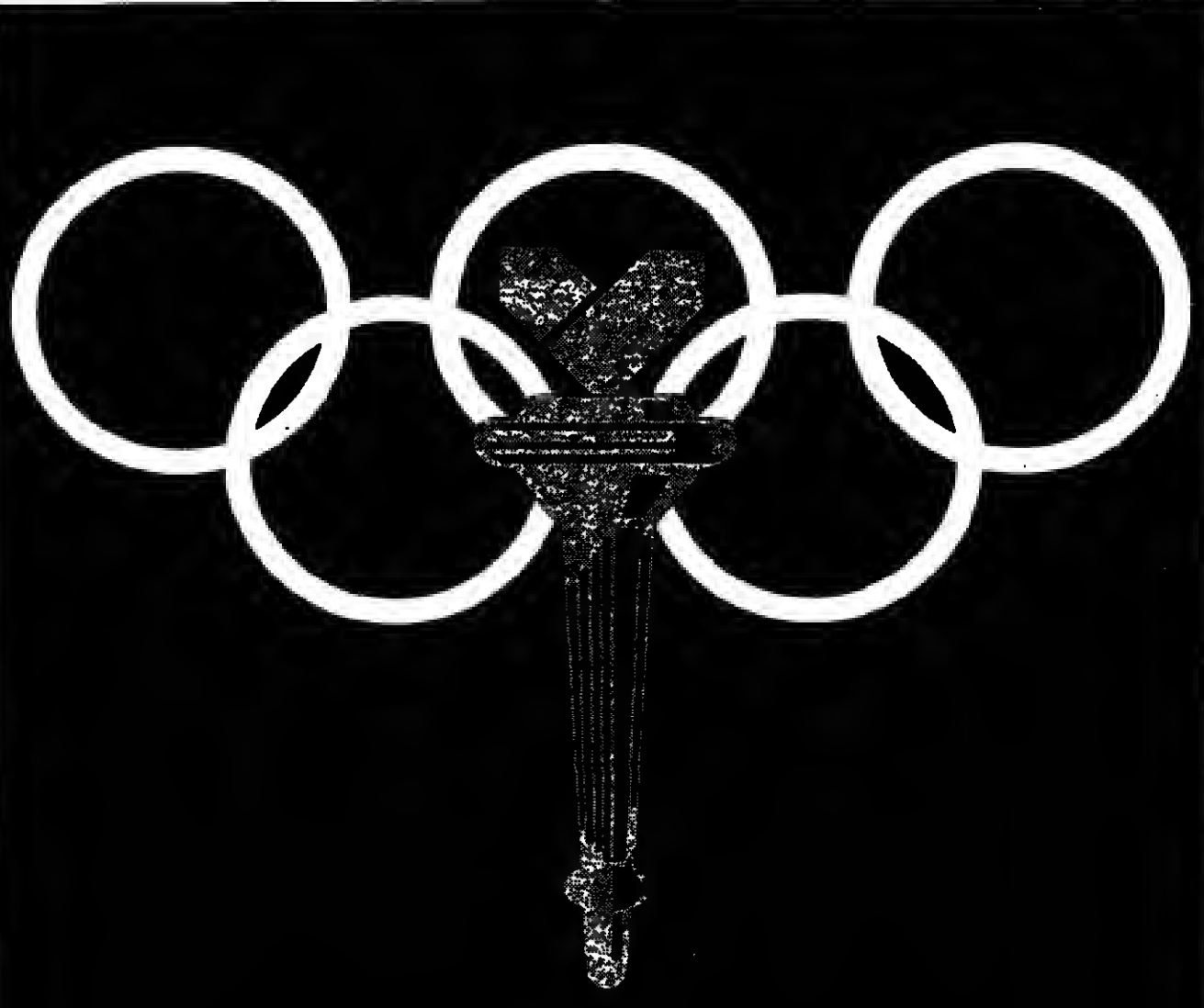
But the old, graffiti-covered Olympic stadium used in 1928 is too dilapidated for the OSA and a 70,000-seat one will be built on the south-east edge of the city.

The Olympic village will be fashioned out of housing under construction in south-west Amsterdam. Completion of the 2,500 garden apartments will be delayed until 1992 to keep them fresh for the Olympic participants, after which they will be used for low-income housing. The highest single expenditure is for the Press and telecommunications centre, a \$193m complex where costs have already been pared by \$19m. It is a sophisticated complex that will straddle the new Olympic stadium, and is expected to be outfitted largely by Philips, the Dutch electronics and telecommunications group.

Security precautions have taken on increasing importance since the 1972 Munich games, when Palestinian terrorists assaulted the Olympic village and killed Israeli athletes. The growth of international terrorism since then has heightened concern.

Arguing that the Netherlands is relatively safe and in an effort to contain costs, the OSA originally budgeted no money for extra security measures. All law enforcement and traffic control duties were to be paid for by the local and national governments. But it has added \$44m for overtime and other costs of extra security expenditure from the Hague. Local and national authorities are spending a similar amount to improve security systems but the expenditures would have been made anyway, according to Mr Leo Deutzeman, controller for the OSA.

Laura Raun



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CENTRAL

Belgrade

Pleading for more than 50 years

BELGRADE has been a candidate as an Olympic venue for more than half a century. It applied to host one of the summer games after 1936—meaning 1940, 1944 or 1948. The war made such plans unrealistic but, in the eyes of Belgrade, Serbia and Yugoslavia's politicians and sports officials, the time has come to make fresh efforts.

Belgrade has started its bid late and with modest means. Expenses before the IOC decision will not exceed US\$1m. But it has still managed to put its case to IOC members, international sports federations, and the world's public opinion.

Shortage of means, and especially foreign exchange, for publicity and lavish entertainment, has had a modest many find preferable to spending huge amounts of money to win favours.

What has Belgrade to offer? The city is in both Central

Europe and the Balkans. It is accessible by air, road, rail and river. Yugoslavia has problems with roads and railways, but by 1992, especially if Belgrade succeeds in its bid, the motorway linking it with Austria and Europe will be finished, including the road through Karavankan mountains. And the railroads will be sufficiently modernised to handle increased traffic.

Belgrade airport has been enlarged, and few weeks ago the runway was modernised. By 1992 a new runway could be added. There are several other airports not far from Belgrade which could serve as substitutes. The Danube already brings foreign passenger ships to Belgrade, which can accommodate passengers with no need for hotels.

As the capital of non-aligned Yugoslavia, Belgrade is a hot spot, so no country is likely to boycott the games. That would guarantee the maximum number of participant countries, a possible new record.

Belgrade has 90 per cent of the facilities needed for Olympic sports. Some of them need overhaul, modernisation or enlargement but this would involve minor and not very costly works. The real problem is the velodrome, which would be very expensive to build, and for which Belgrade would have little use afterwards. All facilities are along a 10 mile stretch and none is more than 3.5 miles from the Olympic stadium.

The city has considerable experience in organising major sporting events, including 13 world championships in various sports and 19 European championships. It can draw from a pool of Yugoslav experts who have been active in many international sports forums.

Mr Milan Ercegan, a Yugoslav, is president of FILA. Mr Borisav Stankovic is secretary-general of IJF. Dr Danilo Andrejevic is member of the executive committee of FIFA. Mr Boris Bakrac is member of the IOC. Mr Artur Takac is adviser to the president of the IOC—to name a few.

Few countries can host such a security record as Yugoslavia. It was marred only once, a few years ago, by Armenian terrorists and has been tightened since then.

The 1984 winter Olympic games in Sarajevo had no security problem, nor did other major events such as the IMF-World Bank annual meeting and Unesco general assembly.

Some work needs to be done to justify the Olympic bid. Roads and railways and from Belgrade and infrastructure in Belgrade itself need improving. Streets have to be repaired. Some of them widened, a few new ones built. It would stimulate banking credits and other finance as the games would earn enough money to repay the costs. Most of those works would be financed by the organisers. The city would finance the construction of a new beltway for the central area.

Critics say the concentration of Olympic facilities could lead to congestion. But the beltway and police regulation of traffic giving exclusive use of some streets to Olympic vehicles could solve that problem.

Accommodation facilities are inadequate but this could be built by 1992. Regardless of the games, Belgrade plans to construct hotels, housing and municipal facilities. That construction could be speeded up and expanded. A congress hall seating 5,000 has already been built in 10 months, and the Beograd Intercontinental Hotel took only two years.

The city has construction enterprises capable of carrying out complicated large works. They have spare equipment and experienced workers. It also has experienced designers.

It is wrong to speak of the candidature of Belgrade as an issue of the city alone. It would be an all-Yugoslav affair, like Sarajevo was in 1984.

Experts from all over the country flocked to Sarajevo to help. Hundreds of buses, cars, taxis together and their drivers were sent there. Customs, police and other officers helped their colleagues from Bosnia. The same would happen in Belgrade on an even larger scale.

Cultural life would also be organised, on a countrywide scale, with performers coming into Belgrade.

In fact, there is no need for everything to be concentrated in the capital. Yugoslavia is not such a big country, but has many centres, such as Zagreb, Ljub-

jana, Sarajevo, Skopje, Novi Sad or Nis. All have sports and cultural facilities, and many events such as preliminary soccer, basketball, swimming and other events could take place there.

On the financial side Belgrade has been reticent. It appears, however, that it would expect gross revenue in excess of US\$600m, with expenses lower by about a quarter. The budget for the games is some \$170m.

The city would benefit in return not only from improved sports facilities, infrastructure, hotels and housing, but also indirectly, as Belgrade and the whole of Yugoslavia have been in the worldwide publicity which would attract tourists and conferences.

Many obstacles have to be overcome. The decision will not be made by the IOC only on the merits of any candidate. Other considerations will play an even more important role.

Some may think that the same country should not host two Olympic games so close together after Sarajevo's winter Olympics in 1984. Belgrade has been pointing out that precedents exist—and that Sarajevo should prove that Yugoslavia are able to organise such a major event.

Another hurdle is the fact that Athens is tipped as host to the 1996 summer Olympics the 100th anniversary of the modern games. And the IOC rarely chooses neighbouring countries to host two consecutive games. With the games for the year 2000 apparently reserved for Beijing, the earliest new opportunity would be 2004.

Another possible objection is the economic situation of Yugoslavia, which has been difficult. But 1992 is six years away and the economy will also improve. The games would also bring economic benefits rather than hardship to the country.

Belgrade's chances should not be overestimated, with such strong competition, but neither should they be written off. With the idea of its hosting the games firmly planted in people's minds, failure will not stop Belgrade trying again and again till it gets what it longs for.

Aleksander Lebl



Barcelona

# Favourite feels its time has come

BARCELONA is the Olympic city awaiting its appointed hour. On four occasions it has been a strong contender to host the Games only to see the honour denied. Spain is alone among the leading western European nations never to have been lit by the Olympic flame.

Now as it strides more fully into the international arena as a democratic state and member of the European Economic Community it must feel its time has come.

Preparations are well advanced; the city boasts that 88 per cent of the facilities necessary for the 1992 Games are already available. There is broad political backing from King Juan Carlos through to the Socialist-controlled city council—and the pledge of public funds to match the ambition. The private sector is fully

committed with 94 companies quickly donating \$3.5m to mount the bid campaign. And the people are involved: an appeal for volunteers to help with administration of the Games brought forward 64,000 names within a few weeks.

One of the principal reasons Barcelona can already claim many of the facilities to stage the Games is the building work that has taken place in the confident hope of being selected as host.

After the First World War the 1924 games seemed pledged to Barcelona but it was the personal drive of Baron de Coubertin, the French founder of the modern Olympics, that caused a switch to Paris.

As compensation Barcelona was promised the 1936 games but the International Olympic Committee met in the city in 1931 just as the monarch abdicated.

rioting began and the republic was declared. The games went to Berlin.

Barcelona was again in the running for the 1940 Olympics, cancelled with the outbreak of war. The most recent attempt was for the 1972 games when Barcelona made a joint bid with Madrid but lost out to Munich.

The bid for 1992 has been well-prepared with the Mayor of Barcelona first declaring the city's intention to the president of the International Olympic Committee five years ago last January.

The candidature was announced to the international press in June 1982 when Spain hosted the soccer World Cup—proof the country could handle such major events.

The managing council promoting the Barcelona bid has now been active for nearly four years. A demonstration of their confidence in the fact work started more than 18 months ago on redeveloping the Montjuic Olympic Stadium, built for the 1956 Olympics but now being extended to accommodate 70,000 spectators for track and field events.

Barcelona maintains in its bid that of the 37 competition facilities required for the games, 27 are already built. The rest are either under construction or at the planning stage.

Work on the present facilities to bring them up to Olympic standards is described as "small-scale"—installation of scoreboards, paving, temporary stands and the like.

Four areas of the city have been identified for venues for 19 of the 24 sports. All are within a five kilometre radius, with a travelling time between any two no longer than 20 minutes by public or private transport.

Four areas, each close to the interconnection points of large city thoroughfares and supplied with very good public transport systems, are: Montjuic, Diagonal, Vall d'Hebron and Poblenou.

The Montjuic mountains, a landmark with its distinguished buildings and dramatic views of the Mediterranean, will be the venue for 11 sports.

The "Olympic Ring" setting for the opening and closing ceremonies, is already taking shape. Remodelling of the Olympic stadium, retaining its 1929 facade, is well advanced. Under construction nearby is the sports hall able to accommodate 17,000 spectators. The swimming pools, built in the hope of the 1972 Games, are also being renovated and extended.

A new sports university will be the venue for wrestling contests, with the various halls of the Barcelona Trade Fair precinct being used for events such

as fencing, table tennis and boxing.

The Diagonal area also benefits from a large number of existing sports facilities including those of Barcelona Football Club, the Royal Polo Club and Barcelona University.

The Vall d'Hebron area is being redeveloped as part of the plans for the Olympics. A park and sports hall in the largest area of open land in the city are planned.

But the main example of how the games would be used to speed redevelopment is the Poblenou district renewal project which would transform a derelict industrial area to provide the site for the Olympic village.

The ambitious programme embracing some 100 hectares involves removing a railway branch line linking central Barcelona to the town of Mataro to the north of the city. This would free some 200 hectares of land along the coastline allowing the building of a Mediterranean promenade to put an end to the justified criticism that Barcelona is a city which has its back to the sea.

Here would be the site for the Olympic village protected from the sea by a park running the whole of its length. Quality housing would temporarily accommodate the 14,000 athletes and officials and later form residential districts.



Building work on the stadium is already taking place in the confident hope of Barcelona being selected

The boost that such a development would give to a depressed area, with further investment in hotels, shops and housing generating new employment is recognised as invaluable by the city.

Mr Josep Ma. Vegara i Carrio, Barcelona director of city planning and a professor of economics at the Autonomous University of Barcelona, says the programme must go ahead regardless of the Games—"but with different and slower timing."

The Socialist-controlled city council sees the Olympics bid as an important element in its strategy to stimulate economic development and create new jobs.

Mr Vegara i Carrio concedes that the effects will be limited unless the candidature is accepted but argues it has already acted as a catalyst and encouraged private sector investment. He cites the example of the planned removal of the railway line.

He points to the role the city council is playing in encouraging the Games as an illustration of the more interventionist stance local government is taking to help tackle the problem of unemployment.

Barcelona has been hit by recession with the official level of jobless in the city rising to 20 per cent and in the surrounding area to 28 per cent. To combat redundancy and factory closures the city council is seeking

to encourage entrepreneurial ventures with the private sector. Barcelona has set up a municipally-owned company and initiatives to promote risk companies backed by private capital.

For each project—and those planned include a hotel, a telecommunications tower and a fibre cable network for the city—a new company is created in which initiatives is a minority shareholders.

But Mr Vegara i Carrio and his colleagues have no doubt about the one project that will get the city moving. That is why Barcelona has put so much effort into pressing its case to host the 1992 Olympics.

Arthur Smith



The Olympic bus touring exhibition has been seen by an estimated 300,000 people around Spain

## Mayor gallops around world

"WE ARE confident and optimistic, almost certain, that Barcelona will be chosen to organise the 1992 Olympic Games." That was the forecast delivered recently at an international Press conference by Mr Pasqual Maragall, the now much-travelled mayor of the city.

He declared: "We will be awarded the Games on our own merits, and not because of the mistakes of others."

Mr Maragall has flown to many parts of the world to put over that message since he took over the mayoralty nearly four years ago when his predecessor was appointed Minister of Defence.

Barcelona of all the candidates is the one that has perhaps campaigned longest, hardest and most expensively—more than Pts 2.4bn. And 45-year-old Mr Maragall has been the man at the head of the bid.

A graduate in law and economics of Barcelona University, Mr Maragall was a prominent leader of the underground students' movement during the dictatorship of General Franco.

For some years employed by the city council as an expert on the urban economy, he has studied and lectured in the US and was an assistant professor at the Autonomous University of Barcelona.

Mr Maragall, as one of the founders of the Catalan Socialist Party, was elected to the city council in 1979 and has emerged as a powerful advocate of Barcelona's case.

The campaign, for all the razzamatazz, has been conducted very professionally. The man who has kept out of the headlines and quietly helped plan the strategy is Mr Marcos Alvarez. Del Blanco, the Argentinian-born marketing director.

Recruited from the private sector, Mr Del Blanco says the city had to be sold like any other product and he has conducted extensive market research to investigate how Barcelona is perceived.

An imposing man but quietly spoken, Mr Del Blanco smiles: "We have a wonderful product but we had to sell it properly. Consistency is important and we had to show the world the welcome the Spanish people would give for this festival of sport."

He acknowledges there is a general belief that the Spanish are not good organisers. "This was a challenge for us. We had to show we have the capacity to work on a long term project, the ability to manage all the high technology involved in aspects of the Games such as broadcasting."

### Profile Pasqual Maragall

Mr Del Blanco insists the campaign has demonstrated the Olympics organisation could work professionally and as a team. "We have shown the world we can work with discipline."

To gain impetus for the bid it was important to gain the support of the Spanish people. He reports that opinion surveys have shown increasing backing for the project with 84 per cent of those questioned endorsing the venture.

"The bid has raised an interest hitherto unknown in Spain," he says. A factor in that is "the Olympic Bus" which has been touring the cities of Spain.

In fact the vehicle is a lorry which opens its trailer to provide 100 square metres of floor-space for an exhibition room, hall and projection room.

By this week an estimated 300,000 people will have seen the exhibition. Mr Del Blanco laughs: "It is incredible when you consider that the bus is only big enough to take 40 people at any one time."

Another popular idea, admittedly borrowed from the Los Angeles Games, has been to appeal for a corps of volunteers to help with organisation and do everything from selling tickets to serving in restaurants.

Within weeks of placing advertisements, Barcelona had 64,000 people. "To get such involvement and participation in the games and for its success," Mr Del Blanco says.

More than that, he reports that the profile of the volunteers is good with 90 per cent of them speaking foreign languages, albeit mainly English and French.

While Mr Maragall might have travelled the world several times to spread the message, Barcelona claims to have attracted about 60 members of the International Olympic Committee to see the city for themselves.

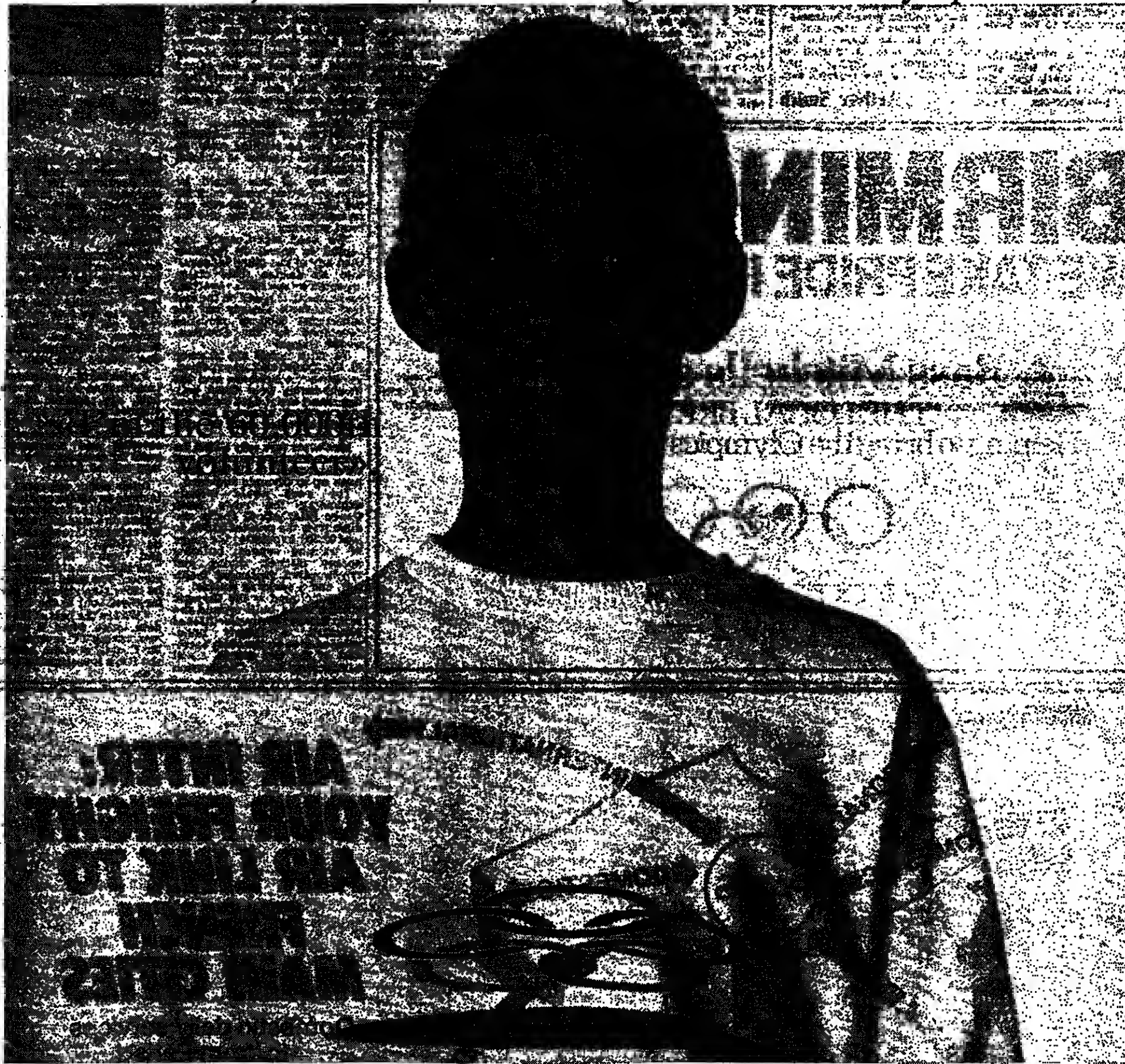
They have been given helicopter trips over the city and visits to site, with the aim of "soaking up the atmosphere of Barcelona and the sort of games we can offer," says Mr Del Blanco.

But what if after all that effort Barcelona fails to win on October 17?

He smiles broadly, and replies: "We expect to get the games."

Arthur Smith

## Barcelona's 60,000th volunteer working for the 1992 Olympic Games.



Barcelona's bid has the support of 60,000 volunteers and 10 reasons why the city should be awarded the 1992 Olympic Games:

1. Spain has never before hosted the Games.

2. The bid has unanimous national support.

3. Barcelona loves sport.

4. A unique wealth of facilities.

5. Extensive organizational experience.

6. An exceptional climate.

7. Accommodation for 775,000 persons.

8. A major cultural centre.

9. Security assured.

10. A King who is a former Olympic competitor.

## Barcelona'92: organisation and sport.





THE OLYMPIC CONTENDERS 6

Brisbane

Distance turned into bargaining tool



Overseeing change

MR Juan Antonio Samaranch, as President of the International Olympic committee, is far and away the most powerful man in the movement. But he will not be taking part in choosing which city will host the 1992 Olympics because his home city of Barcelona is a front runner of the unprecedented number of six cities competing.

He has adopted a firmly neutral stance towards his own city since he took over the top job in 1980. Coincidentally he was elected by a meeting of the IOC in Moscow, the city to which he had been sent in 1976 as Spain's first ambassador to the Soviet Union.

He follows a distinguished line of presidents who each stamped their mark upon the movement. But his style differs from predecessors Lord

Killianin, who dominated the 1970's, and Avery Brundage, whose commitment to amateur sport proved the feature of the 1950's and 1960's.

Mr Samaranch has moved his home from Spain to the IOC's Lausanne headquarters and has more than doubled the full-time staff to provide the executive muscle and expertise to deal with the more interventionist role he sees for the committee.

For the first time with the 1982 Olympics the IOC will negotiate the television and sponsorship rights - the main source of revenue to what is a multi-million pound business.

Mr Samaranch may not be voting but he knows he has presided over a period of fundamental change and brought in a new Olympic era.

Arthur Smith

BRISBANE FOUND it had two major problems when it opened its campaign to stage the 1992 Olympics: hardly anybody knew where the city was, and when they found out they thought it was an awfully long way away.

"Brisbane is not a name on everybody's lips as one of the world's best known cities," admits Sallyanne Atkinson, its Lord Mayor.

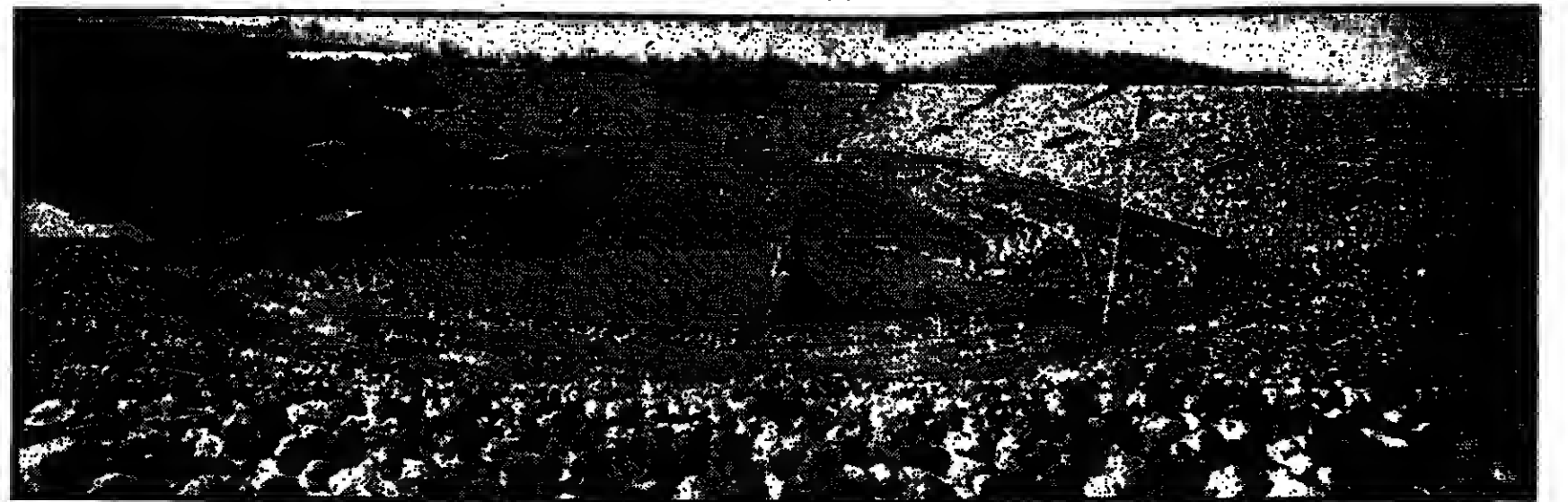
However after a campaign marked by her own highly personalised lobbying, and the pioneering concept of video newsletters sent regularly to each of the 99 IOC members, she is confident recognition is a thing of the past.

The distance factor has been neutralised by an IOC-approved promise of US\$1.6m in travel and transport subsidies to each national Olympic committee on a pro-rata basis, she says.

The offer recognises that for all but 23 NOCs it is cheaper to travel to Europe than Australia. Based on equalising costs with Amsterdam, the cheapest city to travel to, the subsidy breaks down into US\$20m for team travel, \$7.6m for extra costs of horse transport and quarantine arrangements, and \$4m for transport of yachts, rowing shells and canoes. Now Mrs Atkinson hopes distance can be turned into a bargaining tool.

"The games have been held in the Southern Hemisphere only once before. One of the five Olympic rings is Oceania. We are there as equal partners, and if we are not to be equally treated it might as well not be there at all," she says.

With the Olympics having been in Los Angeles in 1984, and due to go to Seoul in 1988, she recognises there is pressure for them to return to Europe, but says this should wait for the



Brisbane aims for the Olympics to be held in the 90,000-seat Queen Elizabeth II Stadium, which hosted the 1982 Commonwealth Games track events and ceremonies.

1996 centenary games, almost certain to be held in Athens.

In response to the suggestion that Australia has already had its turn with the 1988 Olympics, she notes that Britain, France, and Holland have also previously staged the games.

Brisbane began hankering for the Olympics immediately after the city staged the 1982 Commonwealth games. At that time Mrs Atkinson was leader of the Liberal opposition and admits she was worried at what she felt was a lack of a proper costing for the project.

However after her election in 1985, she was convinced the games could be staged in the city at little cost to ratepayers, and became an ardent backer of the bid. Her campaign will have taken her to Berlin, London,

Lausanne, Seoul, Edinburgh, Paris, Sofia, Moscow and Belgrade.

Running the show back home is Mr John Coates, a Sydney solicitor with a strong sports administration background. His Olympic experience began in 1976 as rowing manager for the Australian team in Montreal. He was overall team administration director in Moscow in 1980, assistant general manager in Los Angeles in 1984, and is now vice-president of the Australian Olympic Federation.

More than half the AS\$5m Mr Coates has to spend on the bid has come from private enterprise. No more public money would be spent on the games themselves. In fact he said they would, like the Los Angeles games, be able to turn in a substantial profit.



Lord Mayor Sallyanne Atkinson (left) is leading the Olympic bid and solicitor John Coates is executive director.

Corporation into a department of the organising committee.

"There will be more material than before, and we will be able to control it because it will be one of our departments rather than a host broadcaster who has paid so much money and wants to maximise his profits.

"Everything is going to be a fair and objective coverage. We can cover all the venues at once, 10 different sports at a time. The rights holder, for say Japan, just picks out what it wants."

Mr Coates expects a further US\$113m to come from international marketing, sponsorships, and a coin programme. Ticket sales should yield US\$38.7m and \$22.5m should be recouped from accommodation and catering charges at the Olympic village.

He expects no serious difficulties from domestic crime, which is low by US standards, nor international terrorism, which is virtually unknown in Australia. Nevertheless, Brisbane have the Federal police and armed services on standby to back up the Queensland state police.

Mrs Atkinson is also confident that Brisbane would be immune from political boycott problems, although she does admit pressure for an Australian Rugby Union tour to South Africa is "a worry." However, she says provided such a trip received no official backing from the federal government (unlike under the present Labor regime), this would be unlikely to cost Brisbane the games.

Jack Lowenstein

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Against expenditure of US\$47.8m of which US\$23.2m would be on running costs, he anticipates revenue of at least US\$60.83m.

On 10% of this would be expected \$1,000 hours' work for the 1.2m people of the city and an injection of \$32.6m into the local economy.

"We need significantly less capital to spend on facilities than any of the other bidders," says Mr Coates. This claim, accepted by the IOC's reporting commission, is based on the fact that Brisbane already has the substantial modern facilities developed for the Commonwealth Games.

No extra hotels are planned for the 200,000 visitors expected. Facilities in Brisbane and the neighbouring Gold Coast holiday resort are judged sufficient even without allowing for the growth expected from the current tourist boom.

Mr Coates says only US\$92.7m is needed for new buildings and refurbishment to bring Brisbane up to Olympic standard.

The work would include expanding the city's main stadium from the present 65,000, to seat 82,000, expanding the range of training venues, building hockey pitches, diving and synchronised swimming facilities, and a yachting marina.

Not included is the Olympic village, to be built around the main indoor sporting facilities at Beondall, a largely undeveloped area on the coast northeast of the city centre. Local contractors Kern Corporation

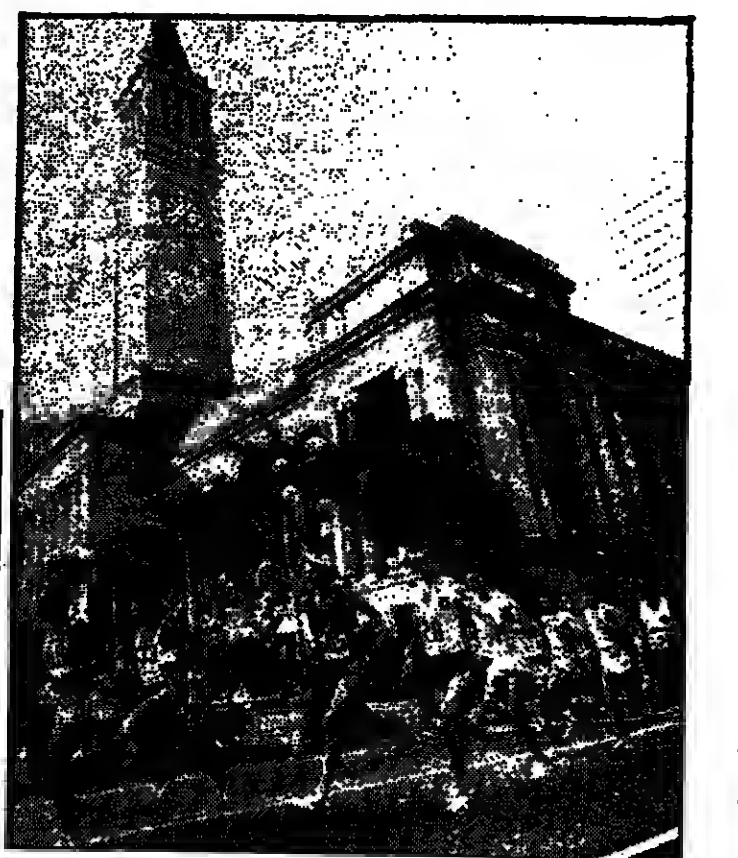
and Leighton Holdings have won a tender to become "preferred developer" for the site. In exchange for the land, at present mostly marshes, they will pay for building the village and after the Olympics sell it as housing.

The Olympic yachting marina could be on the same site, meaning that for the first time all the competitors could be in one village. Travelling time from the village to the four sports areas could be a maximum of 30 minutes, and ten minutes to Brisbane's international airport due to open next year.

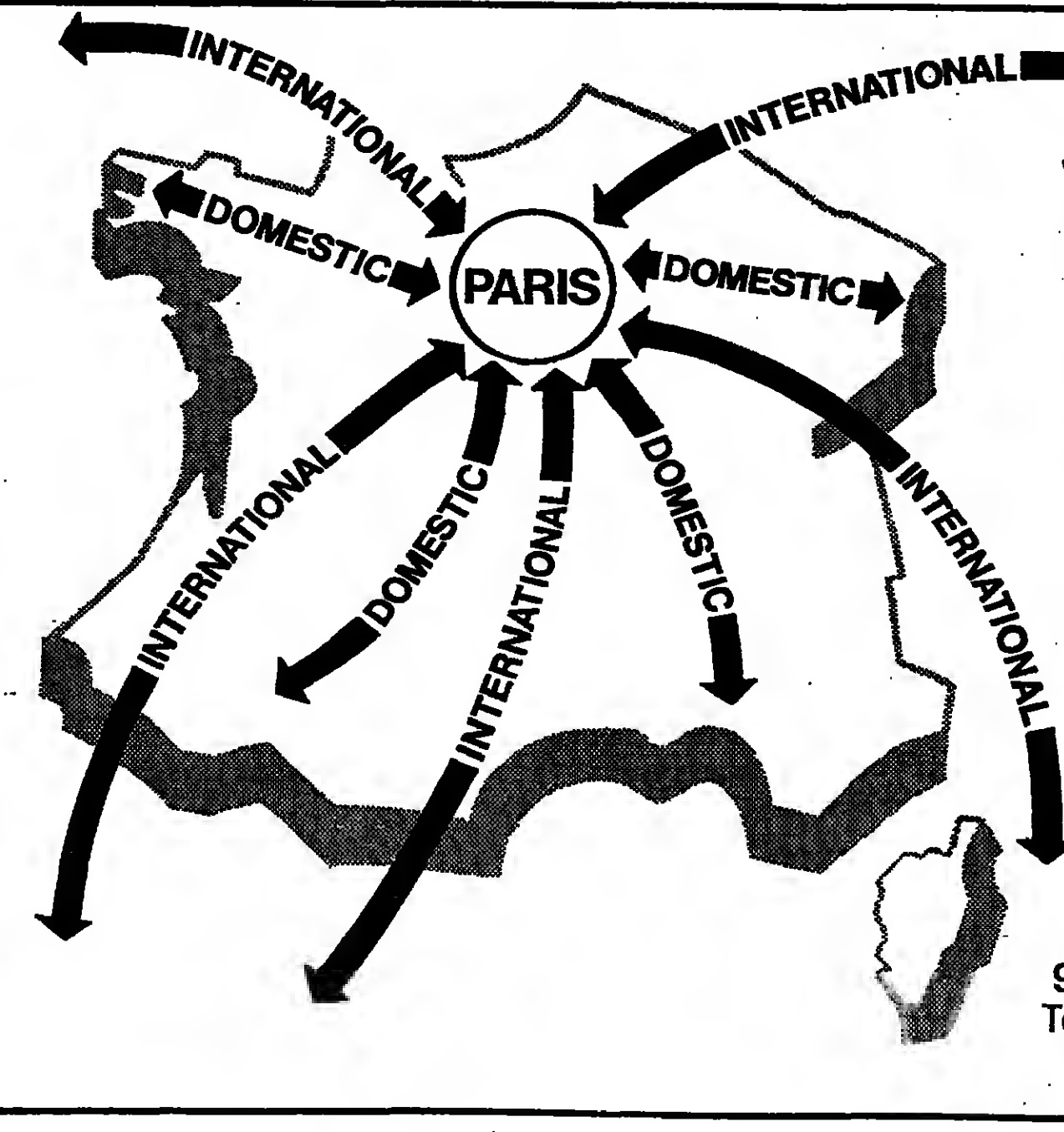
Preliminary estimates for construction costs for the village are \$320m for basic engineering work and \$530m for housing, all paid for by the developer. Mr Coates estimates catering and accommodation costs for competitors at the village will be \$80m.

Other major expenses would include an \$90m media centre, an \$80m broadcast centre, and \$90m on a media village. Satellite capacity through the domestic AUSSAT satellite system and Intelsat is described as "far in excess of likely requirements." The main income would be television rights, in particular those sold to the US.

"We are the best of the candidate cities when it comes to maximising TV revenues," says Mr Coates, a claim backed by the IOC's investigating commission.



Marathon runners in the 1982 Commonwealth Games pass Brisbane City Hall, proposed as the IOC headquarters for the 1992 Olympics.



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GROWTH OF THE OLYMPICS

Date	Venue	Nations Represented	Number of Competitors
1896	Athens	13	311
1900	Paris	22	1,330
1904	St. Louis	13	625
1908	London	22	2,056
1912	Stockholm	28	2,546
1916	Berlin		Cancelled
1920	Antwerp	29	2,692
1924	Paris	44	3,092
1928	Amsterdam	46	3,014
1932	Los Angeles	37	1,408
1936	Berlin	49	4,066
1940	Tokyo/Helsinki		Cancelled
1944	London		Cancelled
1948	London	59	4,099
1952	Helsinki	69	4,925
1956	Melbourne	67	3,184
1960	Rome	83	5,346
1964	Tokyo	93	5,140
1968	Mexico City	112	5,530
1972	Munich	122	7,156
1976	Montreal	92	6,085
1980	Moscow	81	5,326
1984	Los Angeles	na	na



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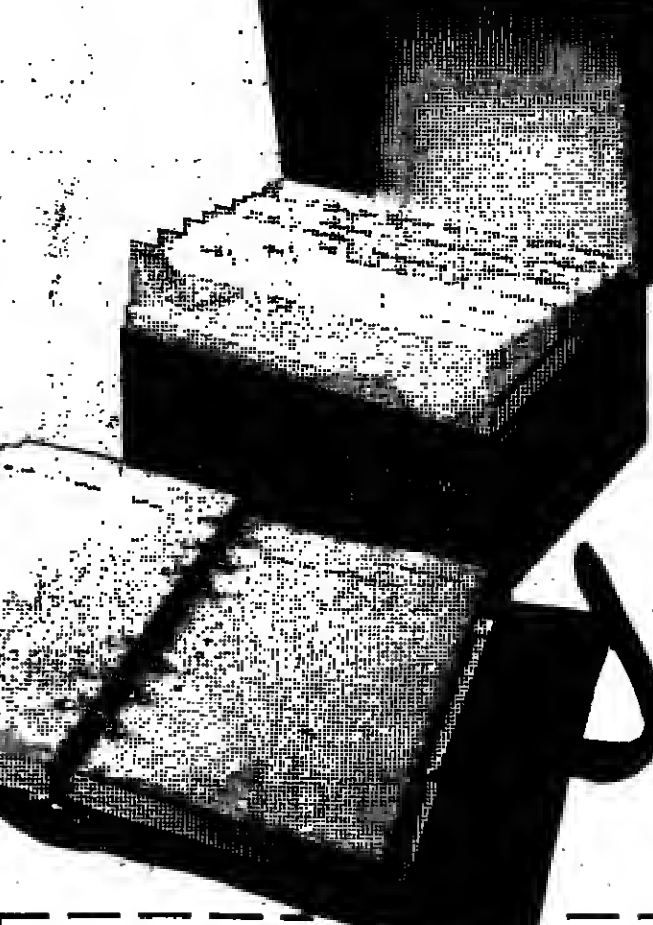
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